

27 JUN 1962

<b>NEGOTIATED CONTRACT</b>		<b>CONTRACT/TASK ORDER NO.</b> [Redacted] 25X1	
<b>ISSUING OFFICE</b>			
<b>NAME</b> Central Intelligence Agency		<b>ADDRESS</b> 2430 E. Street Washington 25, D. C.	
<b>CONTRACTOR</b>			
<b>NAME</b> [Redacted] 25X1		<b>ADDRESS</b> [Redacted] 25X1	
<b>CONTRACT FOR</b>		<b>DESIGNATION</b>	
Design, fabricate, and install a Precision Enlarger.		[Redacted] 25X1	
<b>MAIL INVOICES TO</b> Issuing Office			
<b>APPROPRIATION AND OTHER ADMINISTRATIVE DATA</b>			
<p>This negotiated contract is entered into pursuant to Statutory Authority and any required determination and findings have been made.</p> <p>THIS CONTRACT is entered into as of <u>15 June</u>, 19<u>62</u>, by and between the United States of America, hereinafter called the Government, represented by the Contracting Officer executing this contract and [Redacted] 25X1</p> <p>(i) a corporation organized and existing under the laws of the State of <u>New York</u></p> <p>(ii) a partnership consisting of _____</p> <p>(iii) an individual trading as _____</p> <p>hereinafter called the Contractor. The parties hereto agree that the Contractor shall furnish and deliver all the supplies and perform all the services set forth in the attached Schedule, for the consideration stated therein.</p>			

## GENERAL PROVISIONS

## (COST-PLUS-FIXED-FEE RESEARCH AND DEVELOPMENT CONTRACT)

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## ARTICLE 1 DEFINITIONS:

AS USED THROUGHOUT THIS CONTRACT, THE FOLLOWING TERMS SHALL HAVE THE MEANINGS SET FORTH BELOW:

(A) "DIRECTOR" MEANS THE PRESENT DIRECTOR OR THE DEPUTY DIRECTOR OF THE AGENCY AND THEIR SUCCESSORS IN OFFICE; AND THE TERM "HIS DULY AUTHORIZED REPRESENTATIVE" MEANS ANY PERSON OR PERSONS OR BOARD (OTHER THAN THE CONTRACTING OFFICER) AUTHORIZED TO ACT FOR THE DIRECTOR.

(B) "CONTRACTING OFFICER" MEANS THE PERSON EXECUTING THIS CONTRACT ON BEHALF OF THE GOVERNMENT AND ANY OTHER PERSON WHO IS A PROPERLY DESIGNATED CONTRACTING OFFICER; AND THE TERM INCLUDES, EXCEPT AS OTHERWISE PROVIDED IN THIS CONTRACT, THE AUTHORIZED REPRESENTATIVE OF A CONTRACTING OFFICER ACTING WITHIN THE LIMITS OF HIS AUTHORITY.

(C) EXCEPT AS OTHERWISE PROVIDED IN THIS CONTRACT, THE TERM "SUB-CONTRACTS" INCLUDES PURCHASE ORDERS UNDER THIS CONTRACT.

(D) "CONTRACT" AS USED HEREIN MEANS THIS CONTRACT AND/OR ANY TASK ORDERS ISSUED UNDER AND SUBJECT TO THE PROVISIONS OF THIS CONTRACT. "SCHEDULE" MEANS A SCHEDULE ATTACHED TO THIS CONTRACT OR TO A TASK ORDER UNDER THIS CONTRACT.

## ARTICLE 2 SCOPE OF WORK:

THE WORK TO BE PERFORMED UNDER THIS CONTRACT SHALL BE SET FORTH IN THIS CONTRACT (OR IN TASK ORDERS HEREUNDER AS ISSUED FROM TIME TO TIME) AND SHALL BE FOR WORK AND SERVICES FOR WHICH THE CONTRACTOR HAS SUBMITTED PROPOSALS. IN THE EVENT ANY PROGRAM OF WORK REQUESTED BY THE GOVERNMENT HEREUNDER IS NOT ACCEPTABLE TO THE CONTRACTOR, THE CONTRACTOR SHALL ADVISE THE CONTRACTING OFFICER AS TO THE OBJECTIONS THERETO WITHIN FOURTEEN (14) DAYS AFTER RECEIPT OF THE CONTRACTUAL DOCUMENTS, OR AT A LATER TIME IF REQUESTED BY THE CONTRACTOR AND APPROVED BY THE CONTRACTING OFFICER.

THE CONTRACTOR SHALL SUPPLY THE NECESSARY QUALIFIED PERSONNEL, EQUIPMENT, FACILITIES AND MATERIALS, AND SHALL USE ITS BEST EFFORTS TO CONDUCT THE WORK SPECIFIED IN THE CONTRACT IN ACCORDANCE WITH THE SPECIFICATIONS, SCHEDULES AND DRAWINGS CONTAINED THEREIN. THE CONTRACTOR AND THE CONTRACTING OFFICER SHALL COOPERATE IN CONSULTATION AND OTHERWISE UPON THE REQUEST OF EITHER PARTY IN THE RESOLUTION OF MUTUAL PROBLEMS.

## ARTICLE 3 STANDARDS OF WORK:

THE CONTRACTOR AGREES THAT THE PERFORMANCE OF WORK AND SERVICES PURSUANT TO THE REQUIREMENTS OF THIS CONTRACT SHALL CONFORM TO HIGH PROFESSIONAL STANDARDS.

## ARTICLE 4 ALLOWABLE COST, FIXED FEE, AND PAYMENT:

(A) FOR THE PERFORMANCE OF THIS CONTRACT, THE GOVERNMENT SHALL PAY TO THE CONTRACTOR:

(1) THE COST THEREOF (HEREINAFTER REFERRED TO AS "ALLOWABLE COST") DETERMINED BY THE CONTRACTING OFFICER TO BE ALLOWABLE IN ACCORDANCE WITH--

(A) PART 2 OF SECTION XV OF THE ARMED SERVICE PROCUREMENT REGULATION AS IN EFFECT ON THE DATE OF THIS CONTRACT;

(B) THE TERMS OF THIS CONTRACT; AND

(11) SUCH FIXED FEE, IF ANY, AS MAY BE PROVIDED FOR IN THE CONTRACT.

(B) ONCE EACH MONTH (OR AT MORE FREQUENT INTERVALS, IF APPROVED BY THE CONTRACTING OFFICER), THE CONTRACTOR MAY SUBMIT TO AN AUTHORIZED REPRESENTATIVE OF THE CONTRACTING OFFICER, IN SUCH FORM AND REASONABLE DETAIL AS SUCH REPRESENTATIVE MAY REQUIRE, AN INVOICE OR PUBLIC VOUCHER SUPPORTED BY A STATEMENT OF COST INCURRED BY THE CONTRACTOR IN THE PERFORMANCE OF THIS CONTRACT AND CLAIMED TO CONSTITUTE ALLOWABLE COST.

(C) PROMPTLY AFTER RECEIPT OF EACH INVOICE OR VOUCHER THE GOVERNMENT SHALL, SUBJECT TO THE PROVISIONS OF (D) BELOW, MAKE PAYMENT THEREON AS APPROVED BY THE CONTRACTING OFFICER. PAYMENT OF THE FIXED FEE, IF ANY, SHALL BE MADE TO THE CONTRACTOR AS SPECIFIED IN THE CONTRACT; PROVIDED, HOWEVER, THAT AFTER PAYMENT OF EIGHTY-FIVE PERCENT (85%) OF THE FIXED FEE SET FORTH IN THE CONTRACT, FURTHER PAYMENT ON ACCOUNT OF THE FIXED FEE SHALL BE WITHHELD UNTIL A RESERVE OF EITHER FIFTEEN PERCENT (15%) OF THE TOTAL FIXED FEE, OR ONE HUNDRED THOUSAND DOLLARS (100,000), WHICHEVER IS LESS, SHALL HAVE BEEN SET ASIDE.

(D) AT ANY TIME OR TIMES PRIOR TO FINAL PAYMENT UNDER THIS CONTRACT THE CONTRACTING OFFICER MAY HAVE THE INVOICES OR VOUCHERS AND STATEMENTS OF COST AUDITED. EACH PAYMENT THERETOFORE MADE SHALL BE SUBJECT TO REDUCTION FOR AMOUNTS INCLUDED IN THE RELATED INVOICE OR VOUCHER WHICH ARE FOUND BY THE CONTRACTING OFFICER, ON THE BASIS OF SUCH AUDIT, NOT TO CONSTITUTE ALLOWABLE COST. ANY PAYMENT MAY BE REDUCED FOR OVERPAYMENTS, OR INCREASED FOR UNDERPAYMENTS, ON PRECEDING INVOICES OR VOUCHERS.

(E) ON RECEIPT AND APPROVAL OF THE INVOICE OR VOUCHER DESIGNATED BY THE CONTRACTOR AS THE "COMPLETION INVOICE" OR "COMPLETION VOUCHER" AND UPON COMPLIANCE BY THE CONTRACTOR WITH ALL THE PROVISIONS OF THIS CONTRACT (INCLUDING, WITHOUT LIMITATION, THE PROVISIONS RELATING TO PATENTS AND THE PROVISIONS OF (F) BELOW), THE GOVERNMENT SHALL PROMPTLY PAY TO THE CONTRACTOR ANY BALANCE OF ALLOWABLE COST, AND ANY PART OF THE FIXED FEE, WHICH HAS BEEN WITHHELD PURSUANT TO (C) ABOVE OR OTHERWISE NOT PAID TO THE CONTRACTOR. THE COMPLETION INVOICE OR VOUCHER SHALL BE SUBMITTED BY THE CONTRACTOR PROMPTLY FOLLOWING COMPLETION OF THE WORK UNDER THIS CONTRACT BUT IN NO EVENT LATER THAN ONE (1) YEAR (OR SUCH LONGER PERIOD AS THE CONTRACTING OFFICER MAY IN HIS DISCRETION APPROVE IN WRITING) FROM THE DATE OF SUCH COMPLETION.

(F) THE CONTRACTOR AGREES THAT ANY REFUNDS, REBATES, CREDITS, OR OTHER AMOUNTS (INCLUDING ANY INTEREST THEREON) ACCRUING TO OR RECEIVED BY THE CONTRACTOR OR ANY ASSIGNEE UNDER THIS CONTRACT SHALL BE PAID BY THE CONTRACTOR TO THE GOVERNMENT, TO THE EXTENT THAT THEY ARE PROPERLY ALLOCABLE TO COSTS FOR WHICH THE CONTRACTOR HAS BEEN REIMBURSED BY THE GOVERNMENT UNDER THIS CONTRACT. REASONABLE EXPENSES INCURRED BY THE CONTRACTOR FOR THE PURPOSE OF SECURING SUCH REFUNDS, REBATES, CREDITS, OR OTHER AMOUNTS SHALL BE ALLOWABLE COSTS HEREUNDER WHEN APPROVED BY THE CONTRACTING OFFICER. PRIOR TO FINAL PAYMENT UNDER THIS CONTRACT, THE CONTRACTOR AND EACH ASSIGNEE UNDER THIS CONTRACT WHOSE ASSIGNMENT IS IN EFFECT AT THE TIME OF FINAL PAYMENT UNDER THIS CONTRACT SHALL EXECUTE AND DELIVER:

(I) AN ASSIGNMENT TO THE GOVERNMENT, IN FORM AND SUBSTANCE SATISFACTORY TO THE CONTRACTING OFFICER, OR REFUNDS, REBATES CREDITS, OR OTHER AMOUNTS (INCLUDING ANY INTEREST THEREON) PROPERLY ALLOCABLE TO COSTS FOR WHICH THE CONTRACTOR HAS BEEN REIMBURSED BY THE GOVERNMENT UNDER THIS CONTRACT; AND

(II) A RELEASE DISCHARGING THE GOVERNMENT, ITS OFFICERS, AGENTS, AND EMPLOYEES FROM ALL LIABILITIES, OBLIGATIONS, AND CLAIMS ARISING OUT OF OR UNDER THIS CONTRACT, SUBJECT ONLY TO THE FOLLOWING EXCEPTIONS--

(A) SPECIFIED CLAIMS IN STATED AMOUNTS OR IN ESTIMATED AMOUNTS WHERE THE AMOUNTS ARE NOT SUSCEPTIBLE OF EXACT STATEMENT BY THE CONTRACTOR;

(B) CLAIMS, TOGETHER WITH REASONABLE EXPENSES INCIDENTAL THERETO, BASED UPON LIABILITIES OF THE CONTRACTOR TO THIRD PARTIES ARISING OUT OF THE PERFORMANCE OF THIS CONTRACT; PRO-VIDED THAT SUCH CLAIMS ARE NOT KNOWN TO THE CONTRACTOR ON THE DATE OF THE EXECUTION OF THE RELEASE; AND PROVIDED FURTHER THAT THE CONTRACTOR GIVES NOTICE OF SUCH CLAIMS IN WRITING TO THE CONTRACTING OFFICER NOT MORE THAN SIX (6) YEARS AFTER THE DATE OF THE RELEASE OR THE DATE OF ANY NOTICE TO THE CONTRACTOR THAT THE GOVERNMENT IS PREPARED TO MAKE FINAL PAYMENT, WHICH-EVER IS EARLIER; AND

(C) CLAIMS FOR REIMBURSEMENT OF COSTS (OTHER THAN EXPENSES OF THE CONTRACTOR BY REASON OF ANY INDEMNIFICATION OF THE GOVERNMENT AGAINST PATENT LIABILITY), INCLUDING REASONABLE EXPENSES INCIDENTAL THERETO, INCURRED BY THE CONTRACTOR UNDER THE PROVI-SIONS OF THIS CONTRACT RELATING TO PATENTS.

(G) ANY COST INCURRED BY THE CONTRACTOR UNDER THE TERMS OF THIS CON-TRACT WHICH WOULD CONSTITUTE ALLOWABLE COST UNDER THE PROVISIONS OF THIS CLAUSE SHALL BE INCLUDED IN DETERMINING THE AMOUNT PAYABLE UNDER THIS CON-TRACT, NOTWITHSTANDING ANY PROVISIONS CONTAINED IN THE SPECIFICATIONS OR OTHER DOCUMENTS INCORPORATED IN THIS CONTRACT BY REFERENCE, DESIGNATING SERVICES TO BE PERFORMED OR MATERIALS TO BE FURNISHED BY THE CONTRACTOR AT ITS EXPENSE OR WITHOUT COST TO THE GOVERNMENT.

#### ARTICLE 5 LIMITATION OF COST:

(A) IT IS ESTIMATED THAT THE TOTAL COST TO THE GOVERNMENT, EXCLUSIVE OF ANY FIXED FEE, FOR THE PERFORMANCE OF THIS CONTRACT WILL NOT EXCEED THE ESTIMATED COST SET FORTH IN THE SCHEDULE AND THE CONTRACTOR AGREES TO USE ITS BEST EFFORTS TO PERFORM THE WORK SPECIFIED IN THE SCHEDULE AND ALL OBLIGATIONS UNDER THIS CONTRACT WITHIN SUCH ESTIMATED COST. IF AT ANY TIME THE CONTRACTOR HAS REASON TO BELIEVE THAT THE COSTS WHICH IT EXPECTS

TO INCUR IN THE PERFORMANCE OF THIS CONTRACT IN THE NEXT SUCCEEDING SIXTY (60) DAYS, WHEN ADDED TO ALL COSTS PREVIOUSLY INCURRED, WILL EXCEED SEVENTY-FIVE PERCENT (75%) OF THE ESTIMATED COST THEN SET FORTH IN THE SCHEDULE, OR IF AT ANY TIME THE CONTRACTOR HAS REASON TO BELIEVE THAT THE TOTAL COST TO THE GOVERNMENT, EXCLUSIVE OF ANY FIXED FEE, FOR THE PERFORMANCE OF THIS CONTRACT WILL BE SUBSTANTIALLY GREATER OR LESS THAN THE THEN ESTIMATED COST THEREOF, THE CONTRACTOR SHALL NOTIFY THE CONTRACTING OFFICER IN WRITING TO THAT EFFECT, GIVING THE REVISED ESTIMATE OF SUCH TOTAL COST FOR THE PERFORMANCE OF THIS CONTRACT.

(B) THE GOVERNMENT SHALL NOT BE OBLIGATED TO REIMBURSE THE CONTRACTOR FOR COSTS INCURRED IN EXCESS OF THE ESTIMATED COST SET FORTH IN THE SCHEDULE, AND THE CONTRACTOR SHALL NOT BE OBLIGATED TO CONTINUE PERFORMANCE UNDER THE CONTRACT OR TO INCUR COSTS IN EXCESS OF THE ESTIMATED COST SET FORTH IN THE SCHEDULE, UNLESS AND UNTIL THE CONTRACTING OFFICER SHALL HAVE NOTIFIED THE CONTRACTOR IN WRITING THAT SUCH ESTIMATED COST HAS BEEN INCREASED AND SHALL HAVE SPECIFIED IN SUCH NOTICE A REVISED ESTIMATED COST WHICH SHALL THEREUPON CONSTITUTE THE ESTIMATED COST OF PERFORMANCE OF THE CONTRACT. WHEN AND TO THE EXTENT THAT THE ESTIMATED COST SET FORTH IN THE SCHEDULE HAS BEEN INCREASED, ANY COSTS INCURRED BY THE CONTRACTOR IN EXCESS OF SUCH ESTIMATED COST PRIOR TO THE INCREASE IN ESTIMATED COST SHALL BE ALLOWABLE TO THE SAME EXTENT AS IF SUCH COSTS HAD BEEN INCURRED AFTER SUCH INCREASE IN ESTIMATED COST.

#### ARTICLE 6 NEGOTIATED OVERHEAD RATES:

(A) NOTWITHSTANDING THE PROVISIONS OF THE CLAUSE OF THIS CONTRACT ENTITLED "ALLOWABLE COST, FIXED FEE, AND PAYMENT," THE ALLOWABLE INDIRECT COSTS UNDER THIS CONTRACT SHALL BE OBTAINED BY APPLYING NEGOTIATED OVERHEAD RATES TO BASES AGREED UPON BY THE PARTIES, AS SPECIFIED BELOW.

(B) THE CONTRACTOR, AS SOON AS POSSIBLE BUT NOT LATER THAN NINETY (90) DAYS AFTER THE EXPIRATION OF EACH PERIOD SPECIFIED IN THE SCHEDULE SHALL SUBMIT TO THE CONTRACTING OFFICER A PROPOSED FINAL OVERHEAD RATE OR RATES FOR THAT PERIOD BASED ON THE CONTRACTOR'S ACTUAL COST EXPERIENCE DURING THAT PERIOD, TOGETHER WITH SUPPORTING COST DATA. NEGOTIATION OF FINAL OVERHEAD RATES BY THE CONTRACTOR AND THE CONTRACTING OFFICER SHALL BE UNDERTAKEN AS PROMPTLY AS PRACTICABLE AFTER RECEIPT OF THE CONTRACTOR'S PROPOSAL.

(C) ALLOWABILITY OF COSTS AND ACCEPTABILITY OF COST ALLOCATION METHODS SHALL BE DETERMINED IN ACCORDANCE WITH ASPR, SECTION XV, PART 2, AS IN EFFECT ON THE DATE OF THIS CONTRACT.

(D) THE RESULTS OF EACH NEGOTIATION SHALL BE SET FORTH IN AN AMENDMENT TO THIS CONTRACT, WHICH SHALL SPECIFY (I) THE AGREED FINAL RATES, (II) THE BASES TO WHICH THE RATES APPLY, (III) THE PERIODS FOR WHICH THE RATES APPLY, AND (IV) THE SPECIFIC ITEMS TREATED AS DIRECT COSTS OR ANY CHANGES IN THE ITEMS PREVIOUSLY AGREED TO BE DIRECT COSTS.

(E) PENDING ESTABLISHMENT OF FINAL OVERHEAD RATES FOR ANY PERIOD, THE CONTRACTOR SHALL BE REIMBURSED EITHER AT NEGOTIATED PROVISIONAL RATES AS PROVIDED IN THE SCHEDULE OR AT BILLING RATES ACCEPTABLE TO THE CONTRACTING OFFICER, SUBJECT TO APPROPRIATE ADJUSTMENT WHEN THE FINAL RATES FOR THAT PERIOD ARE ESTABLISHED. TO PREVENT SUBSTANTIAL OVER OR UNDER PAYMENT, THE PROVISIONAL OR BILLING RATES MAY, AT THE REQUEST OF EITHER PARTY, BE REVISED BY MUTUAL AGREEMENT, EITHER RETROACTIVELY OR PROSPECTIVELY. ANY SUCH REVISION OF NEGOTIATED PROVISIONAL RATES PROVIDED IN THE SCHEDULE SHALL BE SET FORTH IN AN AMENDMENT TO THIS CONTRACT.

(F) ANY FAILURE BY THE PARTIES TO AGREE ON ANY FINAL RATE OR RATES UNDER THIS CLAUSE SHALL BE CONSIDERED A DISPUTE CONCERNING A QUESTION OF FACT FOR DECISION BY THE CONTRACTING OFFICER WITHIN THE MEANING OF THE CLAUSE OF THIS CONTRACT ENTITLED "DISPUTES".

#### ARTICLE 7 RECORDS:

(A) (1) THE CONTRACTOR AGREES TO MAINTAIN BOOKS, RECORDS, DOCUMENTS, AND OTHER EVIDENCE PERTAINING TO THE COSTS AND EXPENSES OF THIS CONTRACT (HEREINAFTER COLLECTIVELY CALLED THE "RECORDS") TO THE EXTENT AND IN SUCH DETAIL AS WILL PROPERLY REFLECT ALL NET COSTS, DIRECT AND INDIRECT, OF LABOR, MATERIALS, EQUIPMENT, SUPPLIES AND SERVICES, AND OTHER COSTS AND EXPENSES OF WHATEVER NATURE FOR WHICH REIMBURSEMENT IS CLAIMED UNDER THE PROVISIONS OF THE CONTRACT. THE CONTRACTOR'S ACCOUNTING PROCEDURES AND PRACTICES SHALL BE SUBJECT TO THE APPROVAL OF THE CONTRACTING OFFICER; PROVIDED, HOWEVER, THAT NO MATERIAL CHANGE WILL BE REQUIRED TO BE MADE IN THE CONTRACTOR'S ACCOUNTING PROCEDURES AND PRACTICES IF THEY CONFORM TO GENERALLY ACCEPTED ACCOUNTING PRACTICES AND IF THE COSTS PROPERLY APPLICABLE TO THIS CONTRACT ARE READILY ASCERTAINABLE THEREFROM.

(2) THE CONTRACTOR AGREES TO MAKE AVAILABLE AT THE OFFICE OF THE CONTRACTOR AT ALL REASONABLE TIMES DURING THE PERIOD SET FORTH IN SUBPARAGRAPH (4) BELOW ANY OF THE RECORDS FOR INSPECTION, AUDIT OR REPRODUCTION BY THE APPROPRIATE AUDIT REPRESENTATIVE OF THE GOVERNMENT.

(3) IN THE EVENT THE APPROPRIATE AUDIT REPRESENTATIVE OF THE GOVERNMENT, AS REFERRED TO IN SUBPARAGRAPH (2), DETERMINES THAT HIS AUDIT OF THE AMOUNTS REIMBURSED UNDER THIS CONTRACT AS TRANSPORTATION CHARGES WILL BE MADE AT A PLACE OTHER THAN THE OFFICE OF THE CONTRACTOR, THE CONTRACTOR AGREES TO DELIVER, WITH THE REIMBURSEMENT VOUCHER COVERING SUCH CHARGES OR AS MAY BE OTHERWISE SPECIFIED WITHIN TWO YEARS AFTER REIMBURSEMENT OF CHARGES COVERED BY ANY SUCH VOUCHER, TO SUCH REPRESENTATIVE AS MAY BE DESIGNATED FOR THAT PURPOSE THROUGH THE CONTRACTING OFFICER SUCH DOCUMENTARY EVIDENCE IN SUPPORT OF TRANSPORTATION COSTS AS MAY BE REQUIRED BY THE APPROPRIATE AUDIT REPRESENTATIVE OF THE GOVERNMENT.

(4) EXCEPT FOR DOCUMENTARY EVIDENCE DELIVERED TO THE GOVERNMENT PURSUANT TO SUBPARAGRAPH (3) ABOVE, THE CONTRACTOR SHALL PRESERVE AND MAKE AVAILABLE HIS RECORDS (I) FOR A PERIOD OF THREE YEARS FROM THE DATE OF FINAL PAYMENT UNDER THIS CONTRACT, (II) FOR SUCH LONGER PERIOD, IF ANY, AS IS REQUIRED BY APPLICABLE STATUTE, BY ANY OTHER CLAUSE OF THIS CONTRACT, OR BY (A) OR (B) BELOW, OR (III) IF THE CONTRACT IS CLASSIFIED, FOR SUCH SHORTER PERIOD, IF ANY, AS MAY BE DIRECTED BY THE CONTRACTING OFFICER.

(A) IF THIS CONTRACT IS COMPLETELY OR PARTIALLY TERMINATED, THE RECORDS RELATING TO THE WORK TERMINATED SHALL BE PRESERVED AND MADE AVAILABLE FOR A PERIOD OF THREE YEARS FROM THE DATE OF ANY RESULTING FINAL SETTLEMENT.

(B) RECORDS WHICH RELATE TO (I) APPEALS UNDER THE DISPUTES CLAUSE OF THIS CONTRACT, (II) LITIGATION OR THE SETTLEMENT OF CLAIMS ARISING OUT OF THE PERFORMANCE OF THIS CONTRACT, OR (III) COST AND EXPENSES OF THIS CONTRACT AS TO WHICH EXCEPTION HAS BEEN TAKEN BY THE COMPTROLLER GENERAL OR ANY OF HIS DULY AUTHORIZED REPRESENTATIVES, SHALL BE RETAINED BY THE CONTRACTOR UNTIL SUCH APPEALS, LITIGATION, CLAIMS, OR EXCEPTIONS HAVE BEEN DISPOSED OF.

(5) EXCEPT FOR DOCUMENTARY EVIDENCE DELIVERED PURSUANT TO SUBPARAGRAPH (3) ABOVE, AND THE RECORDS DESCRIBED IN SUBPARAGRAPH (4) (B) ABOVE, THE CONTRACTOR MAY IN FULFILLMENT OF HIS OBLIGATION TO RETAIN HIS RECORDS AS REQUIRED BY THIS CLAUSE SUBSTITUTE PHOTOGRAPHS, MICROPHOTOGRAPHS, OR OTHER AUTHENTIC REPRODUCTIONS OF SUCH RECORDS, AFTER THE EXPIRATION OF TWO YEARS FOLLOWING THE LAST DAY OF THE MONTH OR REIMBURSEMENT TO THE CONTRACTOR OF THE INVOICE OR VOUCHER TO WHICH SUCH RECORDS RELATE, UNLESS A SHORTER PERIOD IS AUTHORIZED BY THE CONTRACTING OFFICER WITH THE CONCURRENCE OF THE APPROPRIATE AUDIT REPRESENTATIVE OF THE GOVERNMENT.

(6) THE PROVISIONS OF THIS PARAGRAPH (A), INCLUDING THIS SUBPARAGRAPH (6), SHALL BE APPLICABLE TO AND INCLUDED IN EACH SUBCONTRACT HEREUNDER WHICH IS ON A COST, COST-PLUS-A-FIXED-FEE, TIME-AND-MATERIAL OR LABOR-HOUR BASIS.

(B) THE CONTRACTOR FURTHER AGREES TO INCLUDE IN EACH OF HIS SUBCONTRACTS HEREUNDER, OTHER THAN THOSE SET FORTH IN SUBPARAGRAPH (A) (6) ABOVE, A PROVISION TO THE EFFECT THAT THE SUBCONTRACTOR AGREES THAT THE APPROPRIATE AUDIT REPRESENTATIVE OF THE GOVERNMENT SHALL, UNTIL THE EXPIRATION OF THREE YEARS AFTER FINAL PAYMENT UNDER THE SUBCONTRACT, HAVE ACCESS TO AND THE RIGHT TO EXAMINE ANY DIRECTLY PERTINENT BOOKS, DOCUMENTS, PAPERS AND RECORDS OF SUCH SUBCONTRACTOR INVOLVING TRANSACTIONS RELATED TO THE SUBCONTRACT. THE TERM "SUBCONTRACT," AS USED IN THIS PARAGRAPH (B) ONLY, EXCLUDES (I) PURCHASE ORDERS NOT EXCEEDING \$2,500, AND (II) SUBCONTRACTS OR PURCHASE ORDERS FOR PUBLIC UTILITY SERVICES AT RATES ESTABLISHED FOR UNIFORM APPLICABILITY TO THE GENERAL PUBLIC.



(c) THE CONTRACTOR SHALL PREPARE AND FURNISH SPECIFICATIONS AND/OR DRAWINGS ON REPRODUCIBLE MASTERS, AND FULL INFORMATION CONCERNING THE COMPONENTS, DEVICES, APPARATUS AND METHODS AS PROVIDED FOR UNDER THIS CONTRACT OR AS OTHERWISE AGREED TO BETWEEN THE CONTRACTOR AND THE CONTRACTING OFFICER OR HIS AUTHORIZED REPRESENTATIVE AND SHALL DELIVER THEM, TOGETHER WITH ALL MODELS DEVELOPED THEREUNDER, TO THE CONTRACTING OFFICER OR HIS AUTHORIZED REPRESENTATIVE. THE CONTRACTOR SHALL MAINTAIN RECORDS IN WHICH DESCRIPTIONS AND ILLUSTRATIONS OF ANY INVENTIONS MADE IN THIS WORK SHALL BE ENTERED AS THEY ARE MADE, WITH APPROPRIATE DATES, SIGNATURES, AND THE NAMES OF WITNESSES.

#### ARTICLE 8 INSURANCE--LIABILITY TO THIRD PERSONS:

(a) THE CONTRACTOR SHALL PROCURE AND THEREAFTER MAINTAIN WORKMEN'S COMPENSATION, EMPLOYER'S LIABILITY, COMPREHENSIVE GENERAL LIABILITY (BODILY INJURY) AND COMPREHENSIVE AUTOMOBILE LIABILITY (BODILY INJURY AND PROPERTY DAMAGE) INSURANCE, WITH RESPECT TO PERFORMANCE UNDER THIS CONTRACT, AND SUCH OTHER INSURANCE AS THE CONTRACTING OFFICER MAY FROM TIME TO TIME REQUIRE WITH RESPECT TO PERFORMANCE UNDER THIS CONTRACT; PROVIDED, THAT THE CONTRACTOR MAY WITH THE APPROVAL OF THE CONTRACTING OFFICER MAINTAIN A SELF-INSURANCE PROGRAM, AND PROVIDED FURTHER, THAT WITH RESPECT TO WORKMEN'S COMPENSATION THE CONTRACTOR IS QUALIFIED PURSUANT TO STATUTORY AUTHORITY. ALL INSURANCE REQUIRED PURSUANT TO THE PROVISIONS OF THIS PARAGRAPH SHALL BE IN SUCH FORM, IN SUCH AMOUNTS, AND FOR SUCH PERIODS OF TIME, AS THE CONTRACTING OFFICER MAY FROM TIME TO TIME REQUIRE OR APPROVE, AND WITH INSURERS APPROVED BY THE CONTRACTING OFFICER.

(b) THE CONTRACTOR AGREES, TO THE EXTENT AND IN THE MANNER REQUIRED BY THE CONTRACTING OFFICER, TO SUBMIT FOR THE APPROVAL OF THE CONTRACTING OFFICER ANY OTHER INSURANCE MAINTAINED BY THE CONTRACTOR IN CONNECTION WITH THE PERFORMANCE OF THIS CONTRACT AND FOR WHICH THE CONTRACTOR SEEKS REIMBURSEMENT HEREUNDER.

(c) THE CONTRACTOR SHALL BE REIMBURSED: (i) FOR THE PORTION ALLOCABLE TO THIS CONTRACT OF THE REASONABLE COST OF INSURANCE AS REQUIRED OR APPROVED PURSUANT TO THE PROVISIONS OF THIS CLAUSE, AND (ii) FOR LIABILITIES TO THIRD PERSONS FOR LOSS OF OR DAMAGE TO PROPERTY (OTHER THAN PROPERTY (A) OWNED, OCCUPIED OR USED BY THE CONTRACTOR OR RENTED TO THE CONTRACTOR OR (B) IN THE CARE, CUSTODY, OR CONTROL OF THE CONTRACTOR), OR FOR DEATH OR BODILY INJURY, NOT COMPENSATED BY INSURANCE OR OTHERWISE, ARISING OUT OF THE PERFORMANCE OF THIS CONTRACT, WHETHER OR NOT CAUSED BY THE NEGLIGENCE OF THE CONTRACTOR, HIS AGENTS, SERVANTS OR EMPLOYEES, PROVIDED SUCH LIABILITIES ARE REPRESENTED BY FINAL JUDGMENTS OR BY SETTLEMENTS APPROVED IN WRITING BY THE GOVERNMENT, AND EXPENSES INCIDENTAL TO SUCH LIABILITIES, EXCEPT LIABILITIES (i) FOR WHICH THE CONTRACTOR IS OTHERWISE RESPONSIBLE UNDER THE EXPRESS TERMS OF THE CLAUSE OR CLAUSES, IF ANY, SPECIFIED IN THE SCHEDULE, OR (ii) WITH RESPECT TO WHICH THE CONTRACTOR HAS FAILED TO INSURE AS REQUIRED OR MAINTAIN INSURANCE AS APPROVED BY THE CONTRACTING OFFICER OR (iii) WHICH RESULTS FROM WILLFUL MISCONDUCT OR LACK OF GOOD FAITH ON THE PART OF

ANY OF THE CONTRACTOR'S DIRECTORS OR OFFICERS, OR ON THE PART OF ANY OF HIS MANAGERS, SUPERINTENDENTS, OR OTHER EQUIVALENT REPRESENTATIVES, WHO HAS SUPERVISION OR DIRECTION OF (1) ALL OR SUBSTANTIALLY ALL OF THE CONTRACTOR'S BUSINESS OR (2) ALL OR SUBSTANTIALLY ALL OF THE CONTRACTOR'S OPERATIONS AT ANY ONE PLANT OR SEPARATE LOCATION IN WHICH THE CONTRACT IS BEING PERFORMED, OR (3) A SEPARATE AND COMPLETE MAJOR INDUSTRIAL OPERATION IN CONNECTION WITH THE PERFORMANCE OF THE CONTRACT. THE FOREGOING SHALL NOT RESTRICT THE RIGHT OF THE CONTRACTOR TO BE REIMBURSED FOR THE COST OF INSURANCE MAINTAINED BY THE CONTRACTOR CONNECTION WITH THE PERFORMANCE OF THIS CONTRACT, OTHER THAN INSURANCE REQUIRED TO BE SUBMITTED FOR APPROVAL OR REQUIRED TO BE PROCURED AND MAINTAINED PURSUANT TO THE PROVISIONS OF THIS CLAUSE, PROVIDED SUCH COST WOULD CONSTITUTE ALLOWABLE COST UNDER THE CLAUSE OF THIS CONTRACT ENTITLED "ALLOWABLE COST, FIXED FEE AND PAYMENT."

(D) THE CONTRACTOR SHALL GIVE THE GOVERNMENT OR ITS REPRESENTATIVES IMMEDIATE NOTICE OF ANY SUIT OR ACTION FILED, OR PROMPT NOTICE OF ANY CLAIM MADE, AGAINST THE CONTRACTOR ARISING OUT OF THE PERFORMANCE OF THIS CONTRACT, THE COST AND EXPENSE OF WHICH MAY BE REIMBURSABLE TO THE CONTRACTOR UNDER THE PROVISIONS OF THIS CONTRACT, AND THE RISK OF WHICH IS THEN UNINSURED OR IN WHICH THE AMOUNT CLAIMED EXCEEDS THE AMOUNT OF COVERAGE. THE CONTRACTOR SHALL FURNISH IMMEDIATELY TO THE GOVERNMENT COPIES OF ALL PERTINENT PAPERS RECEIVED BY THE CONTRACTOR. IF THE AMOUNT OF THE LIABILITY CLAIMED EXCEEDS THE AMOUNT OF COVERAGE, THE CONTRACTOR SHALL AUTHORIZE REPRESENTATIVES OF THE GOVERNMENT TO COLLABORATE WITH COUNSEL FOR THE INSURANCE CARRIER, IF ANY, IN SETTLING OR DEFENDING SUCH CLAIM. IF THE LIABILITY IS NOT INSURED OR COVERED BY BOND, THE CONTRACTOR SHALL, IF REQUIRED BY THE GOVERNMENT, AUTHORIZE REPRESENTATIVES OF THE GOVERNMENT TO SETTLE OR DEFEND ANY SUCH CLAIM AND TO REPRESENT THE CONTRACTOR IN OR TAKE CHARGE OF ANY LITIGATION IN CONNECTION THEREWITH: PROVIDED, HOWEVER, THAT THE CONTRACTOR MAY, AT HIS OWN EXPENSE, BE ASSOCIATED WITH THE REPRESENTATIVES OF THE GOVERNMENT IN THE SETTLEMENT OR DEFENSE OF ANY SUCH CLAIM OR LITIGATION.

ARTICLE 9 SECURITY: ~~DELETE~~

(A) DISCLOSURE OF INFORMATION: IT IS UNDERSTOOD THAT DISCLOSURE OF INFORMATION RELATING TO THE WORK CONTRACTED FOR HEREUNDER, TO ANY PERSON NOT ENTITLED TO RECEIVE IT, OR FAILURE TO SAFEGUARD ALL TOP SECRET, SECRET AND CONFIDENTIAL MATTER THAT MAY COME TO THE CONTRACTOR OR ANY PERSON UNDER HIS CONTROL IN CONNECTION WITH THE WORK CONTRACTED FOR HEREUNDER, MAY SUBJECT THE CONTRACTOR, HIS AGENTS, EMPLOYEES AND SUBCONTRACTORS TO CRIMINAL LIABILITY UNDER THE LAWS OF THE UNITED STATES (18 U.S. CODE 793, 794, 798). THE PROVISIONS OF THE SECURITY REQUIREMENTS FOR CONTRACTORS AND THE CONTRACTOR'S SECURITY AGREEMENT, COPIES OF WHICH HAVE BEEN FURNISHED TO THE CONTRACTOR, ARE INCORPORATED HEREIN BY REFERENCE. ~~DELETE~~

**DELETE**

~~(b) SUBCONTRACTORS: WHEN IT IS DEEMED NECESSARY TO DISCLOSE CLASSIFIED INFORMATION TO A SUBCONTRACTOR TO ACCOMPLISH THE PURPOSES OF THIS CONTRACT THE CONTRACTOR WILL REQUEST PERMISSION OF THE CONTRACTING OFFICER PRIOR TO SUCH DISCLOSURE. UPON THE GRANTING OF PERMISSION, THE CONTRACTOR SHALL CAUSE TO BE INSERTED IN ALL SUBCONTRACTS UNDER THIS CONTRACT A PROVISION SIMILAR TO (A) ABOVE.~~

~~(c) ALIENS: EXCEPT WITH THE PRIOR WRITTEN CONSENT OF THE DIRECTOR OR HIS DUTY AUTHORIZED REPRESENTATIVE, THE CONTRACTOR SHALL NOT PERMIT ANY ALIEN TO HAVE ACCESS TO CLASSIFIED SECURITY INFORMATION.~~

ARTICLE 10 SHIPMENTS:

**DELETE**

(A) MODE OF SHIPMENT. UNLESS OTHERWISE PROVIDED IN THE CONTRACT OR UNLESS THE CONTRACTING OFFICER, ACTING UNDER THE "CHANGES" CLAUSE OF THIS CONTRACT DIRECTS OTHERWISE IN WRITING, ALL SUPPLIES OR EQUIPMENT TO BE FURNISHED UNDER THIS CONTRACT SHALL BE DELIVERED TO THE GOVERNMENT F.O.B. DESTINATION AT WHICH SUCH SUPPLIES OR EQUIPMENT ARE TO BE FINALLY INSPECTED.

(B) F.O.B. DESTINATION. WHENEVER IT IS PROVIDED IN THIS CONTRACT THAT SUPPLIES OR EQUIPMENT SHALL BE DELIVERED F.O.B. SPECIFIED DESTINATIONS, SUCH ITEMS SHALL BE SHIPPED DIRECT BY THE CONTRACTOR TO THE SPECIFIED DESTINATIONS ON COMMERCIAL BILLS OF LADING.

(C) SHIPPING INSTRUCTIONS. IF NOT SPECIFIED IN THE CONTRACT, NAMES OF CONSIGNEES OF ALL SUPPLIES OR EQUIPMENT TO BE DELIVERED BY THE CONTRACTOR HEREUNDER WILL BE FURNISHED TO THE CONTRACTOR IN WRITING BY THE CONTRACTING OFFICER AT A LATER DATE. REQUEST THEREFOR SHALL BE MADE TO THE CONTRACTING OFFICER NOT LATER THAN THIRTY (30) DAYS PRIOR TO THE DATE ON WHICH ANY OF THE ARTICLES ARE READY FOR SHIPMENT.

(D) PROTECTIVE SIGNATURE. IN THE EVENT ANY MATERIAL OR ITEMS WHICH MAY BE CONCERNED HEREUNDER ARE, OR MAY LATER BECOME SECRET OR CONFIDENTIAL AND WHEN THE SIZE OR WEIGHT OF SUCH MATERIAL OR ITEMS CLASSIFIED SECRET OR CONFIDENTIAL MAKES SHIPMENT BY REGISTERED MAIL IMPRACTICABLE, COMMERCIAL SHIPMENT SHOULD BE MADE ONLY BY THE RAILWAY EXPRESS AGENCY "PROTECTIVE SIGNATURE SERVICE." THE MATERIAL MUST BE SECURELY CRATED AND Banded AND PRIOR TO SHIPMENT THE CONTRACTOR SHALL ADVISE THE CONTRACTING OFFICER OF (1) THE DATE THE MATERIAL WILL BE SHIPPED, (2) THE APPROXIMATE DATE OF ARRIVAL, AND (3) THE APPROXIMATE WEIGHT, SIZE, AND NUMBER OF CARTONS. BULK SHIPMENTS OF TOP SECRET MATERIAL SHALL BE MADE ONLY IN ACCORDANCE WITH SPECIFIC INSTRUCTIONS WHICH WILL BE FURNISHED THE CONTRACTOR BY THE CONTRACTING OFFICER UPON NOTIFICATION THAT THE MATERIAL IS READY FOR SHIPMENT.

ARTICLE 11 CHANGES:

THE CONTRACTING OFFICER MAY AT ANY TIME, BY A WRITTEN ORDER, AND WITHOUT NOTICE TO THE SURETIES, IF ANY, MAKE CHANGES, WITHIN THE GENERAL SCOPE OF THIS CONTRACT, IN ANY ONE OR MORE OF THE FOLLOWING: (1) DRAWINGS, DESIGNS, OR SPECIFICATIONS; (11) METHOD OF SHIPMENT OR PACKING;

(iii) PLACE OF INSPECTION, DELIVERY OR ACCEPTANCE; AND (iv) THE AMOUNT OF GOVERNMENT-FURNISHED PROPERTY. IF ANY SUCH CHANGE CAUSES AN INCREASE OR DECREASE IN THE ESTIMATED COST OF, OR THE TIME REQUIRED FOR, PERFORMANCE OF THIS CONTRACT, OR OTHERWISE AFFECTS ANY OTHER PROVISIONS OF THIS CONTRACT, WHETHER CHANGED OR NOT CHANGED BY ANY SUCH ORDER, AN EQUITABLE ADJUSTMENT SHALL BE MADE (i) IN THE ESTIMATED COST OR DELIVERY SCHEDULE, OR BOTH, (ii) IN THE AMOUNT OF ANY FEE TO BE PAID TO THE CONTRACTOR, AND (iii) IN SUCH OTHER PROVISIONS OF THE CONTRACT AS MAY BE SO AFFECTED, AND THE CONTRACT SHALL BE MODIFIED IN WRITING ACCORDINGLY. ANY CLAIM BY THE CONTRACTOR FOR ADJUSTMENT UNDER THIS CLAUSE MUST BE ASSERTED WITHIN THIRTY (30) DAYS FROM THE DATE OF RECEIPT BY THE CONTRACTOR OF THE NOTIFICATION OF CHANGE; PROVIDED, HOWEVER, THAT THE CONTRACTING OFFICER, IF HE DECIDES THAT THE FACTS JUSTIFY SUCH ACTION, MAY RECEIVE AND ACT UPON ANY SUCH CLAIM ASSERTED AT ANY TIME PRIOR TO FINAL PAYMENT UNDER THIS CONTRACT. FAILURE TO AGREE TO ANY ADJUSTMENT SHALL BE A DISPUTE CONCERNING A QUESTION OF FACT WITHIN THE MEANING OF THE CLAUSE OF THIS CONTRACT ENTITLED "DISPUTES." HOWEVER, NOTHING IN THIS CLAUSE SHALL EXCUSE THE CONTRACTOR FROM PROCEEDING WITH THE CONTRACT AS CHANGED.

#### ARTICLE 12 DISPUTES:

(A) EXCEPT AS OTHERWISE PROVIDED IN THIS CONTRACT, ANY DISPUTE CONCERNING A QUESTION OF FACT ARISING UNDER THIS CONTRACT WHICH IS NOT DISPOSED OF BY AGREEMENT SHALL BE DECIDED BY THE CONTRACTING OFFICER, WHO SHALL REDUCE HIS DECISION TO WRITING AND MAIL OR OTHERWISE FURNISH A COPY THEREOF TO THE CONTRACTOR. THE DECISION OF THE CONTRACTING OFFICER SHALL BE FINAL AND CONCLUSIVE UNLESS, WITHIN THIRTY (30) DAYS FROM THE DATE OF RECEIPT OF SUCH COPY, THE CONTRACTOR MAILED OR OTHERWISE FURNISHES TO THE CONTRACTING OFFICER A WRITTEN APPEAL ADDRESSED TO THE DIRECTOR. THE DECISION OF THE DIRECTOR OR HIS DULY AUTHORIZED REPRESENTATIVE FOR THE DETERMINATION OF SUCH APPEALS SHALL BE FINAL AND CONCLUSIVE UNLESS DETERMINED BY A COURT OF COMPETENT JURISDICTION TO HAVE BEEN FRAUDULENT, OR CAPRICIOUS, OR ARBITRARY, OR SO GROSSLY ERRONEOUS AS NECESSARILY TO IMPLY BAD FAITH, OR NOT SUPPORTED BY SUBSTANTIAL EVIDENCE. IN CONNECTION WITH ANY APPEAL PROCEEDING UNDER THIS CLAUSE, THE CONTRACTOR SHALL BE AFFORDED AN OPPORTUNITY TO BE HEARD AND TO OFFER EVIDENCE IN SUPPORT OF ITS APPEAL. PENDING FINAL DECISION OF A DISPUTE HEREUNDER, THE CONTRACTOR SHALL PROCEED DILIGENTLY WITH THE PERFORMANCE OF THE CONTRACT AND IN ACCORDANCE WITH THE CONTRACTING OFFICER'S DECISION.

(B) THIS "DISPUTES" CLAUSE DOES NOT PRECLUDE CONSIDERATION OF LAW QUESTIONS IN CONNECTION WITH DECISIONS PROVIDED FOR IN PARAGRAPH (A) ABOVE: PROVIDED, THAT NOTHING IN THIS CONTRACT SHALL BE CONSTRUED AS MAKING FINAL THE DECISION OF ANY ADMINISTRATIVE OFFICIAL, REPRESENTATIVE OR BOARD ON A QUESTION OF LAW.

ARTICLE 13 SUBCONTRACTS:

(A) THE CONTRACTOR SHALL GIVE ADVANCE NOTIFICATION TO THE CONTRACTING OFFICER OF ANY PROPOSED SUBCONTRACT HEREUNDER WHICH (I) IS ON A COST OR COST-PLUS-A-FIXED-FEE BASIS; OR (II) IS ON A FIXED-PRICE BASIS EXCEEDING IN DOLLAR AMOUNT EITHER \$25,000 OR FIVE PERCENT (5%) OF THE TOTAL ESTIMATED COST OF THIS CONTRACT.

(B) THE CONTRACTOR SHALL NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF THE CONTRACTING OFFICER, PLACE ANY SUBCONTRACT WHICH (I) IS ON A COST OR COST-PLUS-A-FIXED-FEE BASIS; OR (II) IS ON A FIXED-PRICE BASIS EXCEEDING IN DOLLAR AMOUNT EITHER \$25,000 OR FIVE PERCENT (5%) OF THE TOTAL ESTIMATED COST OF THIS CONTRACT, OR (III) PROVIDES FOR THE FABRICATION, PURCHASE, RENTAL, INSTALLATION OR OTHER ACQUISITION, OF ANY ITEM OF INDUSTRIAL FACILITIES, OR OF SPECIAL TOOLING HAVING A VALUE IN EXCESS OF \$1,000, OR (IV) IS ON A TIME-MATERIAL OR LABOR-HOUR BASIS, OR (V) HAS EXPERIMENTAL, DEVELOPMENTAL, OR RESEARCH WORK AS ONE OF ITS PURPOSES. THE CONTRACTING OFFICER MAY, IN HIS DISCRETION, RATIFY IN WRITING ANY SUCH SUBCONTRACT; SUCH ACTION SHALL CONSTITUTE THE CONSENT OF THE CONTRACTING OFFICER AS REQUIRED BY THIS PARAGRAPH (B).

(C) THE CONTRACTOR AGREES THAT NO SUBCONTRACT PLACED UNDER THIS CONTRACT SHALL PROVIDE FOR PAYMENT ON A COST-PLUS-A-PERCENTAGE-OF-COST BASIS.

(D) THE CONTRACTING OFFICER MAY, IN HIS DISCRETION, SPECIFICALLY APPROVE IN WRITING ANY OF THE PROVISIONS OF A SUBCONTRACT. HOWEVER, SUCH APPROVAL OR THE CONSENT OF THE CONTRACTING OFFICER OBTAINED AS REQUIRED BY THIS CLAUSE SHALL NOT BE CONSTRUED TO CONSTITUTE A DETERMINATION OF THE ALLOWABILITY OF ANY COST UNDER THIS CONTRACT, UNLESS SUCH APPROVAL SPECIFICALLY PROVIDES THAT IT CONSTITUTES A DETERMINATION OF THE ALLOWABILITY OF SUCH COST.

(E) THE CONTRACTOR SHALL GIVE THE CONTRACTING OFFICER IMMEDIATE NOTICE IN WRITING OF ANY ACTION OR SUIT FILED, AND PROMPT NOTICE OF ANY CLAIM MADE AGAINST THE CONTRACTOR BY ANY SUBCONTRACTOR OR VENDOR WHICH, IN THE OPINION OF THE CONTRACTOR, MAY RESULT IN LITIGATION, RELATED IN ANY WAY TO THIS CONTRACT WITH RESPECT TO WHICH THE CONTRACTOR MAY BE ENTITLED TO REIMBURSEMENT FROM THE GOVERNMENT.

(F) NOTWITHSTANDING (B) ABOVE, THE CONTRACTOR MAY ENTER INTO SUBCONTRACTS WITHIN (II), OR, IF THE SUBCONTRACT IS FOR SPECIAL TOOLING, WITHIN (III), OF (B) ABOVE, WITHOUT THE PRIOR WRITTEN CONSENT OF THE CONTRACTING OFFICER IF THE CONTRACTING OFFICER HAS, IN WRITING, APPROVED THE CONTRACTOR'S PURCHASING SYSTEM AND THE SUBCONTRACT IS WITHIN THE LIMITATIONS OF SUCH APPROVAL.

(G) THE CONTRACTOR SHALL (I) INSERT IN EACH PRICE REDETERMINATION OR INCENTIVE PRICE REVISION SUBCONTRACT HEREUNDER THE SUBSTANCE OF THE "LIMITATION ON PAYMENTS" PROVISION SET FORTH IN PARAGRAPH (J) OF THE

CLAUSE PRESCRIBED BY PARAGRAPH 7-108 OF THE ARMED SERVICES PROCUREMENT REGULATION, INCLUDING SUBPARAGRAPH (4) THEREOF, MODIFIED TO OMIT MENTION OF THE GOVERNMENT AND REFLECT THE POSITION OF THE CONTRACTOR AS PURCHASER AND OF THE SUBCONTRACTOR AS VENDOR, AND TO OMIT THAT PORTION OF SUBPARAGRAPH (3) THEREOF RELATING TO TAX CREDITS, AND (11) INCLUDE IN EACH COST-REIMBURSEMENT TYPE SUBCONTRACT HEREUNDER A REQUIREMENT THAT EACH PRICE REDETERMINATION AND INCENTIVE PRICE REVISION SUBCONTRACT THEREUNDER WILL CONTAIN THE SUBSTANCE OF THE "LIMITATION ON PAYMENTS" PROVISION, INCLUDING SUBPARAGRAPH (4) THEREOF, MODIFIED AS OUTLINED IN (1) ABOVE.

(H) THE CONTRACTOR SHALL OBTAIN THE PRIOR WRITTEN APPROVAL OF THE CONTRACTING OFFICER REGARDING THE UTILIZATION OF OUTSIDE CONSULTANTS IN THE PERFORMANCE OF THE CONTRACT.

#### ARTICLE 14 INSPECTION AND CORRECTION OF DEFECTS:

(A) ALL WORK UNDER THIS CONTRACT SHALL BE SUBJECT TO INSPECTION AND TEST BY THE GOVERNMENT (TO THE EXTENT PRACTICABLE) AT ALL TIMES (INCLUDING THE PERIOD OF PERFORMANCE) AND PLACES, AND IN ANY EVENT PRIOR TO ACCEPTANCE. THE CONTRACTOR SHALL PROVIDE AND MAINTAIN AN INSPECTION SYSTEM ACCEPTABLE TO THE GOVERNMENT COVERING THE WORK HEREUNDER. THE GOVERNMENT, THROUGH ANY AUTHORIZED REPRESENTATIVE, MAY INSPECT THE PLANT OR PLANTS OF THE CONTRACTOR OR OF ANY OF HIS SUBCONTRACTORS ENGAGED IN THE PERFORMANCE OF THIS CONTRACT. IF ANY INSPECTION OR TEST IS MADE BY THE GOVERNMENT ON THE PREMISES OF THE CONTRACTOR OR A SUBCONTRACTOR, THE CONTRACTOR SHALL PROVIDE AND SHALL REQUIRE SUBCONTRACTORS TO PROVIDE ALL REASONABLE FACILITIES AND ASSISTANCE FOR THE SAFETY AND CONVENIENCE OF THE GOVERNMENT INSPECTORS IN THE PERFORMANCE OF THEIR DUTIES. ALL INSPECTIONS AND TESTS BY THE GOVERNMENT SHALL BE PERFORMED IN SUCH A MANNER AS WILL NOT UNDULY DELAY THE WORK. EXCEPT AS OTHERWISE PROVIDED IN THIS CONTRACT, FINAL INSPECTION, AND ACCEPTANCE SHALL BE MADE AT THE PLACE OF DELIVERY AS PROMPTLY AS PRACTICABLE AFTER DELIVERY AND SHALL BE DEEMED TO HAVE BEEN MADE NO LATER THAN NINETY (90) DAYS AFTER THE DATE OF SUCH DELIVERY, IF ACCEPTANCE HAS NOT BEEN MADE EARLIER WITHIN SUCH PERIOD.

(B) AT ANY TIME DURING PERFORMANCE OF THIS CONTRACT, BUT NO LATER THAN SIX (6) MONTHS (OR SUCH OTHER TIME AS MAY BE PROVIDED IN THE SCHEDULE) AFTER ACCEPTANCE OF ALL OF THE END ITEMS (OTHER THAN DESIGNS, DRAWINGS, OR REPORTS) TO BE DELIVERED UNDER THIS CONTRACT, THE GOVERNMENT MAY REQUIRE THE CONTRACTOR TO REMEDY BY CORRECTION OR REPLACEMENT, AS DIRECTED BY THE CONTRACTING OFFICER, ANY FAILURE BY THE CONTRACTOR TO COMPLY WITH THE REQUIREMENTS OF THIS CONTRACT. ANY TIME DEVOTED TO SUCH CORRECTION OR REPLACEMENT SHALL NOT BE INCLUDED IN THE COMPUTATION OF THE PERIOD OF TIME SPECIFIED IN THE PRECEDING SENTENCE, EXCEPT AS PROVIDED IN (D) BELOW. EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH (C) BELOW, THE ALLOWABILITY OF THE COST OF ANY SUCH REPLACEMENT OR CORRECTION SHALL BE DETERMINED AS PROVIDED IN THE CLAUSE OF THIS CONTRACT ENTITLED "ALLOWABLE COST, FIXED FEE, AND PAYMENT," BUT NO ADDITIONAL FEE SHALL BE PAYABLE WITH RESPECT THERETO. CORRECTED ARTICLES SHALL NOT BE TENDERED AGAIN FOR

ACCEPTANCE UNLESS THE FORMER TENDER AND THE REQUIREMENT OF CORRECTION IS DISCLOSED. IF THE CONTRACTOR FAILS TO PROCEED WITH REASONABLE PROMPTNESS TO PERFORM SUCH REPLACEMENT OR CORRECTION, THE GOVERNMENT (I) MAY BY CONTRACT OR OTHERWISE PERFORM SUCH REPLACEMENT OR CORRECTION AND CHARGE TO THE CONTRACTOR ANY INCREASED COST OCCASIONED THE GOVERNMENT THEREBY, OR MAY REDUCE ANY FIXED FEE PAYABLE UNDER THIS CONTRACT (OR REQUIRE REPAYMENT OF ANY FIXED FEE THERETOFORE PAID) IN SUCH AMOUNT AS MAY BE EQUITABLE UNDER THE CIRCUMSTANCES, OR (II) IN THE CASE OF ARTICLES NOT DELIVERED, MAY REQUIRE THE DELIVERY OF SUCH ARTICLES, AND SHALL HAVE THE RIGHT TO REDUCE ANY FIXED FEE PAYABLE UNDER THIS CONTRACT (OR TO REQUIRE REPAYMENT OF ANY FIXED FEE THERETOFORE PAID) IN SUCH AMOUNT AS MAY BE EQUITABLE UNDER THE CIRCUMSTANCES, OR (III) MAY TERMINATE THIS CONTRACT FOR DEFAULT. FAILURE TO AGREE TO THE AMOUNT OF ANY SUCH INCREASED COST TO BE CHARGED TO THE CONTRACTOR OR TO SUCH REDUCTION IN, OR REPAYMENT OF, THE FIXED FEE SHALL BE DEEMED TO A DISPUTE CONCERNING A QUESTION OF FACT WITHIN THE MEANING OF THE CLAUSE OF THIS CONTRACT ENTITLED DISPUTES.

(C) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (B) ABOVE, THE GOVERNMENT MAY AT ANY TIME REQUIRE THE CONTRACTOR TO REMEDY BY CORRECTION OR REPLACEMENT, WITHOUT COST TO THE GOVERNMENT, ANY FAILURE BY THE CONTRACTOR TO COMPLY WITH THE REQUIREMENTS OF THIS CONTRACT IF SUCH FAILURE IS DUE TO FRAUD, LACK OF GOOD FAITH OR WILLFUL MISCONDUCT ON THE PART OF ANY OF THE CONTRACTOR'S DIRECTORS OR OFFICERS, OR ON THE PART OF ANY OF HIS MANAGERS, SUPERINTENDENTS, OR OTHER EQUIVALENT REPRESENTATIVES, WHO HAS SUPERVISION OR DIRECTION OF (I) ALL OR SUBSTANTIALLY ALL OF THE CONTRACTOR'S BUSINESS, OR (II) ALL OR SUBSTANTIALLY ALL OF THE CONTRACTOR'S OPERATIONS AT ANY ONE PLANT OR SEPARATE LOCATION IN WHICH THIS CONTRACT IS BEING PERFORMED, OR (III) A SEPARATE AND COMPLETE MAJOR INDUSTRIAL OPERATION IN CONNECTION WITH THE PERFORMANCE OF THIS CONTRACT. THE GOVERNMENT MAY AT ANY TIME ALSO REQUIRE THE CONTRACTOR TO REMEDY BY CORRECTION OR REPLACEMENT, WITHOUT COST TO THE GOVERNMENT, ANY SUCH FAILURE CAUSED BY ONE OR MORE INDIVIDUAL EMPLOYEES SELECTED OR RETAINED BY THE CONTRACTOR AFTER ANY SUCH SUPERVISORY PERSONNEL HAS REASONABLE GROUNDS TO BELIEVE THAT ANY SUCH EMPLOYEE IS HABITUALLY CARELESS OR OTHERWISE UNQUALIFIED.

(D) THE PROVISIONS OF PARAGRAPH (B) ABOVE SHALL APPLY TO ANY CORRECTED OR REPLACEMENT END ITEM OR COMPONENT UNTIL SIX MONTHS AFTER ITS ACCEPTANCE.

(E) THE CONTRACTOR SHALL MAKE HIS RECORDS OF ALL INSPECTION WORK AVAILABLE TO THE GOVERNMENT DURING THE PERFORMANCE OF THIS CONTRACT AND FOR SUCH LONGER PERIOD AS MAY BE SPECIFIED IN THIS CONTRACT.

(F) EXCEPT AS PROVIDED IN THIS CLAUSE AND AS MAY BE PROVIDED IN THE SCHEDULE, THE CONTRACTOR SHALL HAVE NO OBLIGATION OR LIABILITY TO CORRECT OR REPLACE ARTICLES WHICH AT THE TIME OF DELIVERY ARE DEFECTIVE IN MATERIAL OR WORKMANSHIP OR OTHERWISE NOT IN CONFORMITY WITH THE REQUIREMENTS OF THIS CONTRACT.

(G) EXCEPT AS OTHERWISE PROVIDED IN THE SCHEDULE, THE CONTRACTOR'S OBLIGATION TO CORRECT OR REPLACE GOVERNMENT-FURNISHED PROPERTY (WHICH IS PROPERTY IN THE POSSESSION OF OR ACQUIRED DIRECTLY BY THE GOVERNMENT AND DELIVERED OR OTHERWISE MADE AVAILABLE TO THE CONTRACTOR) SHALL BE GOVERNED BY THE PROVISIONS OF THE CLAUSE OF THIS CONTRACT ENTITLED "GOVERNMENT PROPERTY."

ARTICLE 15 GOVERNMENT PROPERTY:

(A) THE GOVERNMENT SHALL DELIVER TO THE CONTRACTOR, FOR USE IN CONNECTION WITH AND UNDER THE TERMS OF THIS CONTRACT, THE PROPERTY DESCRIBED IN THE SCHEDULE OR SPECIFICATIONS, TOGETHER WITH SUCH RELATED DATA AND INFORMATION AS THE CONTRACTOR MAY REQUEST AND AS MAY REASONABLY BE REQUIRED FOR THE INTENDED USE OF SUCH PROPERTY (HEREINAFTER REFERRED TO AS "GOVERNMENT-FURNISHED PROPERTY"). THE DELIVERY OR PERFORMANCE DATES FOR THE SUPPLIES OR SERVICES TO BE FURNISHED BY THE CONTRACTOR UNDER THIS CONTRACT ARE BASED UPON THE EXPECTATION THAT GOVERNMENT-FURNISHED PROPERTY SUITABLE FOR USE WILL BE DELIVERED TO THE CONTRACTOR AT THE TIMES STATED IN THE SCHEDULE OR, IF NOT SO STATED, IN SUFFICIENT TIME TO ENABLE THE CONTRACTOR TO MEET SUCH DELIVERY OR PERFORMANCE DATES. IN THE EVENT THAT GOVERNMENT-FURNISHED PROPERTY IS NOT DELIVERED TO THE CONTRACTOR BY SUCH TIME OR TIMES, THE CONTRACTING OFFICER SHALL, UPON TIMELY WRITTEN REQUEST MADE BY THE CONTRACTOR, MAKE A DETERMINATION OF THE DELAY OCCASIONED THE CONTRACTOR AND SHALL EQUITABLY ADJUST THE ESTIMATED COST, FIXED FEE, OR DELIVERY OR PERFORMANCE DATES, OR ALL OF THEM, AND ANY OTHER CONTRACTUAL PROVISIONS AFFECTED BY SUCH DELAY, IN ACCORDANCE WITH THE PROCEDURES PROVIDED FOR IN THE CLAUSE OF THIS CONTRACT ENTITLED "CHANGES." IN THE EVENT THE GOVERNMENT-FURNISHED PROPERTY IS RECEIVED BY THE CONTRACTOR IN A CONDITION NOT SUITABLE FOR THE INTENDED USE, THE CONTRACTOR SHALL, UPON RECEIPT THEREOF NOTIFY THE CONTRACTING OFFICER OF SUCH FACT AND, AS DIRECTED BY THE CONTRACTING OFFICER, EITHER (I) RETURN SUCH PROPERTY AT THE GOVERNMENT'S EXPENSE OR OTHERWISE DISPOSE OF THE PROPERTY OR (II) EFFECT REPAIRS OR MODIFICATIONS. UPON COMPLETION OF (I) OR (II) ABOVE, THE CONTRACTING OFFICER, UPON WRITTEN REQUEST OF THE CONTRACTOR, SHALL EQUITABLY ADJUST THE ESTIMATED COST, FIXED FEE, OR DELIVERY OR PERFORMANCE DATES, OR ALL OF THEM, AND ANY OTHER CONTRACTUAL PROVISION AFFECTED BY THE RETURN OR DISPOSITION, OR THE REPAIR OR MODIFICATION, IN ACCORDANCE WITH THE PROCEDURES PROVIDED FOR IN THE CLAUSE OF THIS CONTRACT ENTITLED "CHANGES." THE FOREGOING PROVISIONS FOR ADJUSTMENT ARE EXCLUSIVE AND THE GOVERNMENT SHALL NOT BE LIABLE TO SUIT FOR BREACH OF CONTRACT BY REASON OF ANY DELAY IN DELIVERY OF GOVERNMENT-FURNISHED PROPERTY OR DELIVERY OF SUCH PROPERTY IN A CONDITION NOT SUITABLE FOR ITS INTENDED USE.

(B) TITLE TO ALL PROPERTY FURNISHED BY THE GOVERNMENT SHALL REMAIN IN THE GOVERNMENT. TITLE TO ALL PROPERTY PURCHASED BY THE CONTRACTOR, FOR THE COST OF WHICH THE CONTRACTOR IS ENTITLED TO BE REIMBURSED AS A DIRECT ITEM OF COST UNDER THIS CONTRACT SHALL PASS TO AND VEST IN THE GOVERNMENT UPON DELIVERY OF SUCH PROPERTY BY THE VENDOR. TITLE TO OTHER PROPERTY, THE COST OF WHICH IS REIMBURSABLE TO THE CONTRACTOR UNDER THE CONTRACT, SHALL PASS TO AND VEST IN THE GOVERNMENT UPON (I) ISSUANCE FOR USE OF SUCH PROPERTY IN THE PERFORMANCE OF THIS CONTRACT, OR (II) COMMENCEMENT OF PROCESSING OR USE OF SUCH PROPERTY IN THE PERFORMANCE OF THIS CONTRACT, OR (III) REIMBURSEMENT OF THE COST THEREOF BY THE GOVERNMENT, WHICHEVER FIRST OCCURS. ALL GOVERNMENT-FURNISHED PROPERTY, TOGETHER WITH ALL PROPERTY ACQUIRED BY THE CONTRACTOR, TITLE TO WHICH VESTS IN THE GOVERNMENT UNDER THIS PARAGRAPH, ARE SUBJECT TO THE PROVISIONS OF THIS CLAUSE AND ARE HEREINAFTER COLLECTIVELY REFERRED TO AS "GOVERNMENT PROPERTY."



(c) TITLE TO THE GOVERNMENT PROPERTY SHALL NOT BE AFFECTED BY THE INCORPORATION OR ATTACHMENT THEREOF TO ANY PROPERTY NOT OWNED BY THE GOVERNMENT, NOR SHALL SUCH GOVERNMENT PROPERTY, OR ANY PART THEREOF, BE OR BECOME A FIXTURE OR LOSE ITS IDENTITY AS PERSONALTY BY REASON OF AFFIXATION TO ANY REALTY. THE CONTRACTOR SHALL COMPLY WITH THE PROVISIONS OF THE "MANUAL FOR CONTROL OF GOVERNMENT PROPERTY IN POSSESSION OF CONTRACTORS" (APPENDIX B, ARMED SERVICES PROCUREMENT REGULATION), AS IN EFFECT ON THE DATE OF THE CONTRACT, WHICH MANUAL IS HEREBY INCORPORATED BY REFERENCE AND MADE A PART OF THIS CONTRACT.

(d) THE GOVERNMENT PROPERTY PROVIDED OR FURNISHED PURSUANT TO THE TERMS OF THIS CONTRACT SHALL, UNLESS OTHERWISE PROVIDED HEREIN, BE USED ONLY FOR THE PERFORMANCE OF THIS CONTRACT.

(e) THE CONTRACTOR SHALL MAINTAIN AND ADMINISTER, IN ACCORDANCE WITH SOUND INDUSTRIAL PRACTICE, A PROGRAM, FOR THE MAINTENANCE, REPAIR, PROTECTION AND PRESERVATION OF GOVERNMENT PROPERTY SO AS TO ASSURE ITS FULL AVAILABILITY AND USEFULNESS FOR THE PERFORMANCE OF THIS CONTRACT. THE CONTRACTOR SHALL TAKE ALL REASONABLE STEPS TO COMPLY WITH ALL APPROPRIATE DIRECTIONS OR INSTRUCTIONS WHICH THE CONTRACTING OFFICER MAY PRESCRIBE AS REASONABLY NECESSARY FOR THE PROTECTION OF GOVERNMENT PROPERTY.

(f) (i) THE CONTRACTOR SHALL NOT BE LIABLE FOR ANY LOSS OR DAMAGE TO THE GOVERNMENT PROPERTY, OR FOR EXPENSES INCIDENTAL TO SUCH LOSS OR DAMAGE, EXCEPT THAT THE CONTRACTOR SHALL BE RESPONSIBLE FOR ANY SUCH LOSS OR DAMAGE (INCLUDING EXPENSES INCIDENTAL THERETO)

(A) WHICH RESULTS FROM WILLFUL MISCONDUCT OR LACK OF GOOD FAITH ON THE PART OF ANY OF THE CONTRACTOR'S DIRECTORS OR OFFICERS, OR ON THE PART OF ANY OF HIS MANAGERS, SUPERINTENDENTS, OR OTHER EQUIVALENT REPRESENTATIVES, WHO HAS SUPERVISION OR DIRECTION OF (i) ALL OR SUBSTANTIALLY ALL OF THE CONTRACTOR'S BUSINESS, OR (ii) ALL OR SUBSTANTIALLY ALL OF THE CONTRACTOR'S OPERATIONS AT ANY ONE PLANT OR SEPARATE LOCATION IN WHICH THIS CONTRACT IS BEING PERFORMED, OR (iii) A SEPARATE AND COMPLETE MAJOR INDUSTRIAL OPERATION IN CONNECTION WITH THE PERFORMANCE OF THE CONTRACT; OR

(B) WHICH RESULTS FROM A FAILURE ON THE PART OF THE CONTRACTOR, DUE TO THE WILLFUL MISCONDUCT OR LACK OF GOOD FAITH ON THE PART OF ANY OF HIS DIRECTORS, OFFICERS, OR OTHER REPRESENTATIVES MENTIONED IN SUBPARAGRAPH (A) ABOVE, (i) TO MAINTAIN AND ADMINISTER, IN ACCORDANCE WITH SOUND INDUSTRIAL PRACTICE, THE PROGRAM FOR MAINTENANCE, REPAIR, PROTECTION AND PRESERVATION OF GOVERNMENT PROPERTY AS REQUIRED BY PARAGRAPH (E) HEREOF, OR (ii) TO TAKE ALL REASONABLE STEPS TO COMPLY WITH ANY APPROPRIATE WRITTEN DIRECTIONS OF THE CONTRACTING OFFICER UNDER PARAGRAPH (E) HEREOF; OR

(C) FOR WHICH THE CONTRACTOR IS OTHERWISE RESPONSIBLE UNDER THE EXPRESS TERMS OF THE CLAUSE OR CLAUSES DESIGNATED IN THE SCHEDULE; OR

(D) WHICH RESULTS FROM A RISK EXPRESSLY REQUIRED TO BE INSURED UNDER THIS CONTRACT, BUT ONLY TO THE EXTENT OF THE INSURANCE SO REQUIRED TO BE PROCURED AND MAINTAINED, OR TO THE EXTENT OF INSURANCE ACTUALLY PROCURED AND MAINTAINED, WHICHEVER IS GREATER; OR

(E) WHICH RESULTS FROM A RISK WHICH IS IN FACT COVERED BY INSURANCE OR FOR WHICH THE CONTRACTOR IS OTHERWISE REIMBURSED, BUT ONLY TO THE EXTENT OF SUCH INSURANCE OR REIMBURSEMENT; PROVIDED THAT, IF MORE THAN ONE OF THE ABOVE EXCEPTIONS SHALL BE APPLICABLE IN ANY CASE, THE CONTRACTOR'S LIABILITY UNDER ANY ONE EXCEPTION SHALL NOT BE LIMITED BY ANY OTHER EXCEPTION. THIS CLAUSE SHALL NOT BE CONSTRUED AS RELIEVING A SUBCONTRACTOR FROM LIABILITY FOR LOSS OR DESTRUCTION OF OR DAMAGE TO GOVERNMENT PROPERTY IN HIS POSSESSION OR CONTROL, EXCEPT TO THE EXTENT THAT THE SUBCONTRACT, WITH THE PRIOR APPROVAL OF THE CONTRACTING OFFICER, MAY PROVIDE FOR THE RELIEF OF THE SUBCONTRACTOR FROM SUCH LIABILITY. IN THE ABSENCE OF SUCH APPROVAL, THE SUBCONTRACT SHALL CONTAIN APPROPRIATE PROVISIONS REQUIRING THE RETURN OF ALL GOVERNMENT PROPERTY IN AS GOOD CONDITION AS WHEN RECEIVED, EXCEPT FOR REASONABLE WEAR AND TEAR OR FOR THE UTILIZATION OF THE PROPERTY IN ACCORDANCE WITH THE PROVISIONS OF THE PRIME CONTRACT.

(F) (II) THE CONTRACTOR SHALL NOT BE REIMBURSED FOR, AND SHALL NOT INCLUDE AS AN ITEM OF OVERHEAD, THE COST OF INSURANCE, OR ANY PROVISION FOR A RESERVE, COVERING THE RISK OF LOSS OF OR DAMAGE TO THE GOVERNMENT PROPERTY, EXCEPT TO THE EXTENT THAT THE GOVERNMENT MAY HAVE REQUIRED THE CONTRACTOR TO CARRY SUCH INSURANCE UNDER ANY OTHER PROVISION OF THIS CONTRACT.

(F) (III) UPON THE HAPPENING OF LOSS OR DESTRUCTION OF OR DAMAGE TO THE GOVERNMENT PROPERTY, THE CONTRACTOR SHALL NOTIFY THE CONTRACTING OFFICER THEREOF, AND SHALL COMMUNICATE WITH THE LOSS AND SALVAGE ORGANIZATION, IF ANY, NOW OR HEREAFTER DESIGNATED BY THE CONTRACTING OFFICER, AND WITH THE ASSISTANCE OF THE LOSS AND SALVAGE ORGANIZATION SO DESIGNATED (UNLESS THE CONTRACTING OFFICER HAS DESIGNATED THAT NO SUCH ORGANIZATION BE EMPLOYED), SHALL TAKE ALL REASONABLE STEPS TO PROTECT THE GOVERNMENT PROPERTY FROM FURTHER DAMAGE, SEPARATE THE DAMAGED AND UNDAMAGED GOVERNMENT PROPERTY, PUT ALL THE GOVERNMENT PROPERTY IN THE BEST POSSIBLE ORDER, AND FURNISH TO THE CONTRACTING OFFICER A STATEMENT OF (A) THE LOST, DESTROYED AND DAMAGED GOVERNMENT PROPERTY, (B) THE TIME AND ORIGIN OF THE LOSS, DESTRUCTION OR DAMAGE, (C) ALL KNOWN INTERESTS IN COMMINGLED PROPERTY OF WHICH THE GOVERNMENT PROPERTY IS A PART, AND (D) THE INSURANCE, IF ANY, COVERING ANY PART OF OR INTEREST IN SUCH COMMINGLED PROPERTY. THE CONTRACTOR SHALL MAKE REPAIRS AND RENOVATIONS OF THE DAMAGED GOVERNMENT PROPERTY OR TAKE SUCH OTHER ACTION, AS THE CONTRACTING OFFICER DIRECTS.

(F) (IV) IN THE EVENT THE CONTRACTOR IS INDEMNIFIED, REIMBURSED, OR OTHERWISE COMPENSATED FOR ANY LOSS OR DESTRUCTION OF OR DAMAGE TO THE GOVERNMENT PROPERTY, HE SHALL USE THE PROCEEDS TO REPAIR, RENOVATE OR REPLACE THE GOVERNMENT PROPERTY INVOLVED, OR SHALL CREDIT SUCH PROCEEDS AGAINST THE COST OF THE WORK COVERED BY THE CONTRACT, OR SHALL OTHERWISE REIMBURSE THE GOVERNMENT, AS DIRECTED BY THE CONTRACTING OFFICER. THE CONTRACTOR SHALL DO NOTHING TO PREJUDICE THE GOVERNMENT'S RIGHT TO RECOVER AGAINST THIRD PARTIES FOR ANY SUCH LOSS, DESTRUCTION OR DAMAGE AND, UPON REQUEST OF THE CONTRACTING OFFICER, SHALL, AT THE GOVERNMENT'S EXPENSE, FURNISH TO THE GOVERNMENT ALL REASONABLE ASSISTANCE AND COOPERATION (INCLUDING THE PROSECUTION OF SUIT AND THE EXECUTION OF INSTRUMENTS OF ASSIGNMENT IN FAVOR OF THE GOVERNMENT) IN OBTAINING RECOVERY. IN ADDITION, WHERE THE SUBCONTRACTOR HAS NOT BEEN RELIEVED FROM LIABILITY FOR ANY LOSS OR DESTRUCTION OF OR DAMAGE TO GOVERNMENT PROPERTY, THE CONTRACTOR SHALL ENFORCE THE LIABILITY OF THE SUBCONTRACTOR FOR SUCH LOSS OR DESTRUCTION OF OR DAMAGE TO THE GOVERNMENT PROPERTY FOR THE BENEFIT OF THE GOVERNMENT.

(F) (V) IF THIS CONTRACT IS FOR THE DEVELOPMENT, PRODUCTION, MODIFICATION, MAINTENANCE, OR OVERHAUL OF AIRCRAFT, OR OTHERWISE INVOLVES THE FURNISHING OF AIRCRAFT BY THE GOVERNMENT, THE CLAUSE OF THIS CONTRACT ENTITLED FLIGHT RISKS SHALL CONTROL, TO THE EXTENT IT IS APPLICABLE, IN THE CASE OF LOSS OR DESTRUCTION OF, OR DAMAGE TO, AIRCRAFT.

(G) THE GOVERNMENT SHALL AT ALL REASONABLE TIMES HAVE ACCESS TO THE PREMISES WHERE ANY OF THE GOVERNMENT PROPERTY IS LOCATED.

(H) THE GOVERNMENT PROPERTY SHALL REMAIN IN THE POSSESSION OF THE CONTRACTOR FOR SUCH PERIOD OF TIME AS IS REQUIRED FOR THE PERFORMANCE OF THIS CONTRACT UNLESS THE CONTRACTING OFFICER DETERMINES THAT THE INTERESTS OF THE GOVERNMENT REQUIRE REMOVAL OF SUCH PROPERTY. IN SUCH CASE THE CONTRACTOR SHALL PROMPTLY TAKE SUCH ACTION AS THE CONTRACTING OFFICER MAY DIRECT WITH RESPECT TO THE REMOVAL AND SHIPPING OF GOVERNMENT PROPERTY. IN ANY SUCH INSTANCE, THE CONTRACT MAY BE AMENDED TO ACCOMPLISH AN EQUITABLE ADJUSTMENT IN THE TERMS AND PROVISIONS THEREOF.

(I) UPON THE COMPLETION OF THIS CONTRACT, OR AT SUCH EARLIER DATES AS MAY BE FIXED BY THE CONTRACTING OFFICER, THE CONTRACTOR SHALL SUBMIT TO THE CONTRACTING OFFICER IN A FORM ACCEPTABLE TO HIM, INVENTORY SCHEDULES COVERING ALL ITEMS OF THE GOVERNMENT PROPERTY NOT CONSUMED IN THE PERFORMANCE OF THIS CONTRACT, OR NOT THERETOFORE DELIVERED TO THE GOVERNMENT, AND SHALL DELIVER OR MAKE SUCH OTHER DISPOSAL OF SUCH GOVERNMENT PROPERTY AS MAY BE DIRECTED OR AUTHORIZED BY THE CONTRACTING OFFICER. THE NET PROCEEDS OF ANY SUCH DISPOSAL SHALL BE CREDITED TO THE COST OF THE WORK COVERED BY THE CONTRACT OR SHALL BE PAID IN SUCH MANNER AS THE CONTRACTING OFFICER MAY DIRECT. THE FOREGOING PROVISIONS SHALL APPLY TO SCRAP FROM GOVERNMENT PROPERTY, PROVIDED, HOWEVER, THAT THE CONTRACTING OFFICER MAY AUTHORIZE OR DIRECT THE CONTRACTOR TO OMIT FROM SUCH INVENTORY SCHEDULES ANY SCRAP CONSISTING OF CUTTING AND PROCESSING WASTE, SUCH AS CHIPS, CUTTINGS, BORINGS, TURNINGS, SHORT ENDS, CIRCLES, TRIMMINGS, CLIPPINGS, AND REMNANTS, AND TO DISPOSE OF SUCH SCRAP IN ACCORDANCE WITH THE CONTRACTOR'S NORMAL PRACTICE AND ACCOUNT THEREFOR AS A PART OF GENERAL OVERHEAD OR OTHER REIMBURSABLE COST IN ACCORDANCE WITH THE CONTRACTOR'S ESTABLISHED ACCOUNTING PROCEDURES.

(J) UNLESS OTHERWISE PROVIDED HEREIN, THE GOVERNMENT SHALL NOT BE UNDER ANY DUTY OR OBLIGATION TO RESTORE OR REHABILITATE, OR TO PAY THE COSTS OF THE RESTORATION OR REHABILITATION OF THE CONTRACTOR'S PLANT OR ANY PORTION THEREOF WHICH IS AFFECTED BY THE REMOVAL OF ANY GOVERNMENT PROPERTY.

(K) DIRECTIONS OF THE CONTRACTING OFFICER AND COMMUNICATIONS OF THE CONTRACTOR ISSUED PURSUANT TO THIS CLAUSE SHALL BE IN WRITING.

#### ARTICLE 16      REPORTS OF WORK:

(A) THE CONTRACTOR SHALL SUBMIT REPORTS MAKING FULL DISCLOSURE OF ALL WORK DONE AND THE RESULTS THEREOF, IN THE MANNER, AT THE TIMES, AND TO THE EXTENT SET FORTH IN THE SCHEDULE; PROVIDED, THAT, UNLESS OTHERWISE SPECIFIED IN THE SCHEDULE, THE CONTRACTOR SHALL SUBMIT SUCH REPORTS IN TRIPLICATE FROM TIME TO TIME AS REQUESTED AND UPON COMPLETION (OR EARLIER TERMINATION) OF THE WORK. EXCEPT AS MAY BE OTHERWISE SPECIFIED IN THE SCHEDULE, OR UNLESS THE CONTRACTOR IS OTHERWISE INSTRUCTED, THE CONTRACTOR SHALL, UPON COMPLETION (OR EARLIER TERMINATION) OF THE WORK, DELIVER ANY WORKING DRAWINGS AND SPECIFICATIONS OF ANY PROTOTYPES AS MAY HAVE BEEN DEVELOPED.

(B) IF THE CONTRACTOR BECOMES UNABLE TO COMPLETE THE CONTRACT WORK AND TO DELIVER AT THE TIME SPECIFIED IN THE SCHEDULE BECAUSE OF TECHNICAL DIFFICULTIES, NOTWITHSTANDING THE EXERCISE OF GOOD FAITH AND DILIGENT EFFORTS IN PERFORMANCE OF THE WORK, HE SHALL GIVE THE CONTRACTING OFFICER WRITTEN NOTICE OF THE ANTICIPATED DELAYS WITH REASONS THEREFOR, NOT LESS THAN FORTY-FIVE (45) DAYS BEFORE THE COMPLETION DATE SPECIFIED IN THE SCHEDULE OR WITHIN SUCH TIME AS THE CONTRACTING OFFICER DEEMS SUFFICIENT. WHEN NOTICE IS SO REQUIRED, THE CONTRACTING OFFICER MAY, IN HIS DISCRETION, EXTEND THE TIME SPECIFIED IN THE SCHEDULE FOR SUCH PERIOD AS HE DEEMS ADVISABLE.

#### ARTICLE 17      DELAY IN DELIVERY OF DATA:

(A) IT IS UNDERSTOOD THAT THE EFFICIENT USE BY THE GOVERNMENT OF THE SUPPLIES, EQUIPMENT OR OTHER ITEMS, INCLUDING REPORTS, CALLED FOR UNDER THIS CONTRACT REQUIRES THAT THE DATA CALLED FOR THEREUNDER BE DELIVERED NOT LATER THAN THE TIME OR RESPECTIVE TIMES THEREIN SPECIFIED. IF SUCH DATA ARE NOT DELIVERED AT SAID TIME OR TIMES, THE GOVERNMENT MAY, AT ITS ELECTION, SO LONG AS SUCH DATA REMAIN UNDELIVERED, UNLESS THE DELAY IN DELIVERY THEREOF ARISES OUT OF CAUSES BEYOND THE CONTROL AND WITHOUT THE FAULT OR NEGLIGENCE OF THE CONTRACTOR WITHIN THE MEANING OF THE CLAUSE HEREOF ENTITLED "EXCUSABLE DELAYS," WITHHOLD PAYMENT TO THE CONTRACTOR FOR ANY OF THE AMOUNTS THEN DUE, REFUSE APPROVAL OF THE CONTRACTOR'S VOUCHERS, REFUSE TO ACCEPT FURTHER DELIVERIES THEREUNDER FROM THE CONTRACTOR, OR TAKE ANY OTHER ACTION AUTHORIZED BY LAW OR REGULATION NOW IN EFFECT INCLUDING TERMINATION OF THE CONTRACT FOR DEFAULT TO THE EXTENT AND IN THE MANNER AUTHORIZED BY THE CLAUSE ENTITLED "TERMINATION" AND MAY TAKE ANY OR ALL OF THE FOREGOING ACTIONS SEPARATELY OR IN COMBINATION.

(B) THE PROVISIONS OF SECTION (A) OF THIS CLAUSE SHALL BE APPLICABLE ONLY TO TECHNICAL DATA, SUCH AS DRAWINGS, SPECIFICATIONS, HANDBOOKS, SERVICE MANUALS, OR OTHER INFORMATION NECESSARY FOR THE PROPER MAINTENANCE OR SERVICING OF THE END ITEMS CALLED FOR UNDER THIS CONTRACT, AND ALSO TO REQUIRED REPORTS, ANALYSES AND OTHER DOCUMENTS INCLUDING EFFORT EXPENDED IN CARRYING OUT THE SCOPE OF THE CONTRACT.

#### ARTICLE 18 EXCUSABLE DELAYS:

EXCEPT WITH RESPECT TO DEFAULTS OF SUBCONTRACTORS, THE CONTRACTOR SHALL NOT BE IN DEFAULT BY REASON OF ANY FAILURE IN PERFORMANCE OF THIS CONTRACT IN ACCORDANCE WITH ITS TERMS (INCLUDING ANY FAILURE BY THE CONTRACTOR TO MAKE PROGRESS IN THE PROSECUTION OF THE WORK HEREUNDER WHICH ENDANGERS SUCH PERFORMANCE) IF SUCH FAILURE ARISES OUT OF CAUSES BEYOND THE CONTROL AND WITHOUT THE FAULT OR NEGLIGENCE OF THE CONTRACTOR. SUCH CAUSES MAY INCLUDE, BUT ARE NOT RESTRICTED TO: ACTS OF GOD OR OF THE PUBLIC ENEMY; ACTS OF THE GOVERNMENT IN EITHER ITS SOVEREIGN OR CONTRACTUAL CAPACITY; FIRES; FLOODS; EPIDEMICS; QUARANTINE RESTRICTION; STRIKES; FREIGHT EMBARGOES; AND UNUSUALLY SEVERE WEATHER; BUT IN EVERY CASE THE FAILURE TO PERFORM MUST BE BEYOND THE CONTROL AND WITHOUT THE FAULT OR NEGLIGENCE OF THE CONTRACTOR. IF THE FAILURE TO PERFORM IS CAUSED BY THE FAILURE OF A SUBCONTRACTOR TO PERFORM OR MAKE PROGRESS, AND IF SUCH FAILURE ARISES OUT OF CAUSES BEYOND THE CONTROL OF BOTH THE CONTRACTOR AND SUBCONTRACTOR, AND WITHOUT THE FAULT OR NEGLIGENCE OF EITHER OF THEM, THE CONTRACTOR SHALL NOT BE DEEMED TO BE IN DEFAULT, UNLESS (I) THE SUPPLIES OR SERVICES TO BE FURNISHED BY THE SUBCONTRACTOR WERE OBTAINABLE FROM OTHER SOURCES, (II) THE CONTRACTING OFFICER SHALL HAVE ORDERED THE CONTRACTOR IN WRITING TO PROCURE SUCH SUPPLIES OR SERVICES FROM SUCH OTHER SOURCES, AND (III) THE CONTRACTOR SHALL HAVE FAILED TO COMPLY REASONABLY WITH SUCH ORDER. UPON REQUEST OF THE CONTRACTOR, THE CONTRACTING OFFICER SHALL ASCERTAIN THE FACTS AND EXTENT OF SUCH FAILURE AND, IF HE SHALL DETERMINE THAT ANY FAILURE TO PERFORM WAS OCCASIONED BY ANY ONE OR MORE OF THE SAID CAUSES, THE DELIVERY SCHEDULE SHALL BE REVISED ACCORDINGLY, SUBJECT TO THE RIGHTS OF THE GOVERNMENT UNDER THE CLAUSE HEREOF ENTITLED "TERMINATION."

#### ARTICLE 19 TERMINATION:

(A) THE PERFORMANCE OF WORK UNDER THE CONTRACT MAY BE TERMINATED BY THE GOVERNMENT IN ACCORDANCE WITH THIS CLAUSE IN WHOLE, OR FROM TIME TO TIME IN PART:

(I) WHENEVER THE CONTRACTOR SHALL DEFAULT IN PERFORMANCE OF THIS CONTRACT IN ACCORDANCE WITH ITS TERMS (INCLUDING IN THE TERM "DEFAULT" ANY SUCH FAILURE BY THE CONTRACTOR TO MAKE PROGRESS IN THE PROSECUTION OF THE WORK HEREUNDER AS ENDANGERS SUCH PERFORMANCE), AND SHALL FAIL TO CURE SUCH DEFAULT WITHIN A PERIOD OF TEN DAYS (OR SUCH LONGER PERIODS AS THE CONTRACTING OFFICER MAY ALLOW) AFTER RECEIPT FROM THE CONTRACTING OFFICER OF A NOTICE SPECIFYING THE DEFAULT; OR

(II) WHENEVER FOR ANY REASON THE CONTRACTING OFFICER SHALL DETERMINE THAT SUCH TERMINATION IS IN THE BEST INTEREST OF THE GOVERNMENT.

ANY SUCH TERMINATION SHALL BE EFFECTED BY DELIVERY TO THE CONTRACTOR OF A NOTICE OF TERMINATION SPECIFYING WHETHER TERMINATION IS FOR THE DEFAULT OF THE CONTRACTOR OR FOR THE CONVENIENCE OF THE GOVERNMENT, THE EXTENT TO WHICH PERFORMANCE OF WORK UNDER THE CONTRACT IS TERMINATED, AND THE DATE UPON WHICH SUCH TERMINATION BECOMES EFFECTIVE. IF, AFTER NOTICE OF TERMINATION OF THIS CONTRACT FOR DEFAULT UNDER (I) ABOVE, IT IS DETERMINED THAT THE CONTRACTOR'S FAILURE TO PERFORM OR TO MAKE PROGRESS IN PERFORMANCE IS DUE TO CAUSES BEYOND THE CONTROL AND WITHOUT THE FAULT OR NEGLIGENCE OF THE CONTRACTOR PURSUANT TO THE PROVISIONS OF THE CLAUSE OF THIS CONTRACT RELATING TO EXCUSABLE DELAYS, THE NOTICE OF TERMINATION SHALL BE DEEMED TO HAVE BEEN ISSUED UNDER (II) ABOVE, AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO SHALL IN SUCH EVENT BE GOVERNED ACCORDINGLY.

(B) AFTER RECEIPT OF A NOTICE OF TERMINATION AND EXCEPT AS OTHERWISE DIRECTED BY THE CONTRACTING OFFICER, THE CONTRACTOR SHALL:

(I) STOP WORK UNDER THE CONTRACT ON THE DATE AND TO THE EXTENT SPECIFIED IN THE NOTICE OF TERMINATION;

(II) PLACE NO FURTHER ORDERS OR SUBCONTRACTS FOR MATERIALS, SERVICES, OR FACILITIES, EXCEPT AS MAY BE NECESSARY FOR COMPLETION OF SUCH PORTION OF THE WORK UNDER THE CONTRACT AS IS NOT TERMINATED;

(III) TERMINATE ALL ORDERS AND SUBCONTRACTS TO THE EXTENT THAT THEY RELATE TO THE PERFORMANCE OF WORK TERMINATED BY THE NOTICE OF TERMINATION;

(IV) ASSIGN TO THE GOVERNMENT, IN THE MANNER AND TO THE EXTENT DIRECTED BY THE CONTRACTING OFFICER, ALL OF THE RIGHT, TITLE, AND INTEREST OF THE CONTRACTOR UNDER THE ORDERS OR SUBCONTRACTS SO TERMINATED, IN WHICH CASE THE GOVERNMENT SHALL HAVE THE RIGHT, IN ITS DISCRETION, TO SETTLE OR PAY ANY OR ALL CLAIMS ARISING OUT OF THE TERMINATION OF SUCH ORDERS AND SUBCONTRACTS;

(V) WITH THE APPROVAL OR RATIFICATION OF THE CONTRACTING OFFICER, TO THE EXTENT HE MAY REQUIRE, WHICH APPROVAL OR RATIFICATION SHALL BE FINAL AND CONCLUSIVE FOR ALL PURPOSES OF THIS CLAUSE, SETTLE ALL OUTSTANDING LIABILITIES AND ALL CLAIMS ARISING OUT OF SUCH TERMINATION OF ORDERS AND SUBCONTRACTS, THE COST OF WHICH WOULD BE REIMBURSABLE IN WHOLE OR IN PART IN ACCORDANCE WITH THE PROVISIONS OF THIS CONTRACT;

(VI) TRANSFER TITLE (TO THE EXTENT THAT TITLE HAS NOT ALREADY BEEN TRANSFERRED) AND, IN THE MANNER, TO THE EXTENT, AND AT THE TIMES DIRECTED BY THE CONTRACTING OFFICER, DELIVER TO THE GOVERNMENT (A) THE FABRICATED OR UNFABRICATED PARTS, WORK IN PROCESS, COMPLETED WORK, SUPPLIES, AND OTHER MATERIAL PRODUCED AS A PART OF, OR ACQUIRED

IN RESPECT OF THE PERFORMANCE OF THE WORK TERMINATED BY THE NOTICE OF TERMINATION, (B) THE COMPLETED OR PARTIALLY COMPLETED PLANS, DRAWINGS, INFORMATION, AND OTHER PROPERTY WHICH, IF THE CONTRACT HAS BEEN COMPLETED, WOULD BE REQUIRED TO BE FURNISHED TO THE GOVERNMENT, AND (C) THE JIGS, DIES, AND FIXTURES, AND OTHER SPECIAL TOOLS AND TOOLING ACQUIRED OR MANUFACTURED FOR THE PERFORMANCE OF THIS CONTRACT FOR THE COST OF WHICH THE CONTRACTOR HAS BEEN OR WILL BE REIMBURSED UNDER THIS CONTRACT;

(VII) USE ITS BEST EFFORTS TO SELL IN THE MANNER, AT THE TIMES, TO THE EXTENT, AND AT THE PRICE OR PRICES DIRECTED OR AUTHORIZED BY THE CONTRACTING OFFICER, ANY PROPERTY OF THE TYPES REFERRED TO IN (VI) ABOVE; PROVIDED, HOWEVER, THAT THE CONTRACTOR (A) SHALL NOT BE REQUIRED TO EXTEND CREDIT TO ANY PURCHASER, AND (B) MAY ACQUIRE ANY SUCH PROPERTY UNDER THE CONDITIONS PRESCRIBED BY AND AT A PRICE OR PRICES APPROVED BY THE CONTRACTING OFFICER; AND PROVIDED FURTHER THAT THE PROCEEDS OF ANY SUCH TRANSFER OR DISPOSITION SHALL BE APPLIED IN REDUCTION OF ANY PAYMENTS TO BE MADE BY THE GOVERNMENT TO THE CONTRACTOR UNDER THIS CONTRACT OR SHALL OTHERWISE BE CREDITED TO THE PRICE OR COST OF THE WORK COVERED BY THIS CONTRACT OR PAID IN SUCH OTHER MANNER AS THE CONTRACTING OFFICER MAY DIRECT;

(VIII) COMPLETE PERFORMANCE OF SUCH PART OF THE WORK AS SHALL NOT HAVE BEEN TERMINATED BY THE NOTICE OF TERMINATION; AND

(IX) TAKE SUCH ACTION AS MAY BE NECESSARY, OR AS THE CONTRACTING OFFICER MAY DIRECT, FOR THE PROTECTION AND PRESERVATION OF THE PROPERTY RELATED TO THIS CONTRACT WHICH IS IN THE POSSESSION OF CONTRACTOR IN WHICH THE GOVERNMENT HAS OR MAY ACQUIRE AN INTEREST.

THE CONTRACTOR SHALL PROCEED IMMEDIATELY WITH THE PERFORMANCE OF THE ABOVE OBLIGATIONS NOTWITHSTANDING ANY DELAY IN DETERMINING OR ADJUSTING THE AMOUNT OF THE FEE, OR ANY ITEM OF REIMBURSABLE COST, UNDER THIS CLAUSE. AT ANY TIME AFTER EXPIRATION OF THE PLANT CLEARANCE PERIOD, AS DEFINED IN SECTION VIII, ARMED SERVICES PROCUREMENT REGULATION, AS IT MAY BE AMENDED FROM TIME TO TIME, THE CONTRACTOR MAY SUBMIT TO THE CONTRACTING OFFICER A LIST, CERTIFIED AS TO QUANTITY AND QUALITY, OF ANY OR ALL ITEMS OF TERMINATION INVENTORY NOT PREVIOUSLY DISPOSED OF, EXCLUSIVE OF ITEMS THE DISPOSITION OF WHICH HAS BEEN DIRECTED OR AUTHORIZED BY THE CONTRACTING OFFICER, AND MAY REQUEST THE GOVERNMENT TO REMOVE SUCH ITEMS OR ENTER INTO A STORAGE AGREEMENT COVERING THEM. NOT LATER THAN FIFTEEN (15) DAYS THEREAFTER, THE GOVERNMENT WILL ACCEPT SUCH ITEMS AND REMOVE THEM OR ENTER INTO A STORAGE AGREEMENT COVERING THE SAME; PROVIDED THAT THE LIST SUBMITTED SHALL BE SUBJECT TO VERIFICATION BY THE CONTRACTING OFFICER UPON REMOVAL OF THE ITEMS, OR IF THE ITEMS ARE STORED, WITHIN FORTY-FIVE (45) DAYS FROM THE DATE OF SUBMISSION OF THE LIST, AND ANY NECESSARY ADJUSTMENT TO CORRECT THE LIST AS SUBMITTED SHALL BE MADE PRIOR TO FINAL SETTLEMENT.

(c) AFTER RECEIPT OF A NOTICE OF TERMINATION, THE CONTRACTOR SHALL SUBMIT TO THE CONTRACTING OFFICER HIS TERMINATION CLAIM IN THE FORM AND WITH THE CERTIFICATION PRESCRIBED BY THE CONTRACTING OFFICER. SUCH CLAIM SHALL BE SUBMITTED PROMPTLY BUT IN NO EVENT LATER THAN ONE YEAR FROM THE EFFECTIVE DATE OF

TERMINATION, UNLESS ONE OR MORE EXTENSIONS IN WRITING ARE GRANTED BY THE CONTRACTING OFFICER UPON REQUEST OF THE CONTRACTOR MADE IN WRITING WITHIN SUCH ONE YEAR PERIOD OR AUTHORIZED EXTENSION THEREOF. HOWEVER, IF THE CONTRACTING OFFICER DETERMINES THAT THE FACTS JUSTIFY SUCH ACTION, HE MAY RECEIVE AND ACT UPON ANY SUCH TERMINATION CLAIM AT ANY TIME AFTER SUCH ONE YEAR PERIOD OR ANY EXTENSION THEREOF. UPON FAILURE OF THE CONTRACTOR TO SUBMIT HIS TERMINATION CLAIM WITHIN THE TIME ALLOWED, THE CONTRACTING OFFICER MAY, SUBJECT TO ANY SETTLEMENT REVIEW BOARD APPROVALS REQUIRED BY SECTION VIII OF THE ARMED SERVICES PROCUREMENT REGULATION IN EFFECT AS OF THE DATE OF EXECUTION OF THIS CONTRACT, DETERMINE, ON THE BASIS OF INFORMATION AVAILABLE TO HIM, THE AMOUNT, IF ANY, DUE TO THE CONTRACTOR BY REASON OF THE TERMINATION AND SHALL THEREUPON PAY TO THE CONTRACTOR THE AMOUNT SO DETERMINED.

(D) SUBJECT TO THE PROVISIONS OF PARAGRAPH (C), AND SUBJECT TO ANY SETTLEMENT REVIEW BOARD APPROVALS REQUIRED BY SECTION VIII OF THE ARMED SERVICES PROCUREMENT REGULATION IN EFFECT AS OF THE DATE OF EXECUTION OF THIS CONTRACT, THE CONTRACTOR AND THE CONTRACTING OFFICER MAY AGREE UPON THE WHOLE OR ANY PART OF THE AMOUNT OR AMOUNTS TO BE PAID (INCLUDING AN ALLOWANCE FOR THE FEE) TO THE CONTRACTOR BY REASON OF THE TOTAL OR PARTIAL TERMINATION OF WORK PURSUANT TO THIS CLAUSE. THE CONTRACT SHALL BE AMENDED ACCORDINGLY, AND THE CONTRACTOR SHALL BE PAID THE AGREED AMOUNT.

(E) IN THE EVENT OF THE FAILURE OF THE CONTRACTOR AND THE CONTRACTING OFFICER TO AGREE IN WHOLE OR IN PART, AS PROVIDED IN PARAGRAPH (D), AS TO THE AMOUNTS WITH RESPECT TO COSTS AND FEE, OR AS TO THE AMOUNT OF THE FEE, TO BE PAID TO THE CONTRACTOR IN CONNECTION WITH THE TERMINATION OF WORK PURSUANT TO THIS CLAUSE, THE CONTRACTING OFFICER SHALL, SUBJECT TO ANY SETTLEMENT REVIEW BOARD APPROVALS REQUIRED BY SECTION VIII OF THE ARMED SERVICES PROCUREMENT REGULATION IN EFFECT AS OF THE DATE OF EXECUTION OF THIS CONTRACT, DETERMINE, ON THE BASIS OF INFORMATION AVAILABLE TO HIM, THE AMOUNT, IF ANY, DUE TO THE CONTRACTOR BY REASON OF THE TERMINATION AND SHALL PAY TO THE CONTRACTOR THE AMOUNT DETERMINED AS FOLLOWS:

(1) IF THE SETTLEMENT INCLUDES COST AND FEE--

(A) THERE SHALL BE INCLUDED THEREIN ALL COSTS AND EXPENSES REIMBURSABLE IN ACCORDANCE WITH THIS CONTRACT, NOT PREVIOUSLY PAID TO THE CONTRACTOR FOR THE PERFORMANCE OF THIS CONTRACT PRIOR TO THE EFFECTIVE DATE OF THE NOTICE OF TERMINATION, AND SUCH OF THESE COSTS AS MAY CONTINUE FOR A REASONABLE TIME THEREAFTER WITH THE APPROVAL OF OR AS DIRECTED BY THE CONTRACTING OFFICER; PROVIDED, HOWEVER, THAT THE CONTRACTOR SHALL PROCEED AS RAPIDLY AS PRACTICABLE TO DISCONTINUE SUCH COSTS;

(B) THERE SHALL BE INCLUDED THEREIN SO FAR AS NOT INCLUDED UNDER (A) ABOVE, THE COST OF SETTLING AND PAYING CLAIMS ARISING OUT OF THE TERMINATION OF WORK UNDER SUBCONTRACTS OR ORDERS, AS PROVIDED IN PARAGRAPH (B) (V) ABOVE, WHICH ARE PROPERLY CHARGEABLE TO THE TERMINATED PORTION OF THE CONTRACT;



(C) THERE SHALL BE INCLUDED THEREIN THE REASONABLE COSTS OF SETTLEMENT, INCLUDING ACCOUNTING, LEGAL, CLERICAL, AND OTHER EXPENSES REASONABLY NECESSARY FOR THE PREPARATION OF SETTLEMENT CLAIMS AND SUPPORTING DATA WITH RESPECT TO THE TERMINATED PORTION OF THE CONTRACT AND FOR THE TERMINATION AND SETTLEMENT OF SUB-CONTRACTS THEREUNDER, TOGETHER WITH REASONABLE STORAGE, TRANSPORTATION, AND OTHER COSTS INCURRED IN CONNECTION WITH THE PROTECTION OR DISPOSITION OF TERMINATION INVENTORY; PROVIDED, HOWEVER, THAT IF THE TERMINATION IS FOR DEFAULT OF THE CONTRACTOR THERE SHALL NOT BE INCLUDED ANY AMOUNTS FOR THE PREPARATION OF THE CONTRACTOR'S SETTLEMENT PROPOSAL; AND

(D) THERE SHALL BE INCLUDED THEREIN A PORTION OF THE FEE PAYABLE UNDER THE CONTRACT DETERMINED AS FOLLOWS--

(1) IN THE EVENT OF THE TERMINATION OF THIS CONTRACT FOR THE CONVENIENCE OF THE GOVERNMENT AND NOT FOR THE DEFAULT OF THE CONTRACTOR, THERE SHALL BE PAID A PERCENTAGE OF THE FEE EQUIVALENT TO THE PERCENTAGE OF THE COMPLETION OF WORK CONTEMPLATED BY THE CONTRACT, LESS FEE PAYMENTS PREVIOUSLY MADE HEREUNDER; OR

(11) IN THE EVENT OF THE TERMINATION OF THIS CONTRACT FOR THE DEFAULT OF THE CONTRACTOR, THE TOTAL FEE PAYABLE SHALL BE SUCH PROPORTIONATE PART OF THE FEE (OR, IF THIS CONTRACT CALLS FOR ARTICLES OF DIFFERENT TYPES, OF SUCH PART OF THE FEE AS IS REASONABLY ALLOCABLE TO THE TYPE OF ARTICLE UNDER CONSIDERATION) AS THE TOTAL NUMBER OF ARTICLES DELIVERED TO AND ACCEPTED BY THE GOVERNMENT BEARS TO THE TOTAL NUMBER OF ARTICLES OF A LIKE KIND CALLED FOR BY THIS CONTRACT;

IF THE AMOUNT DETERMINED UNDER THIS SUBPARAGRAPH (1) IS LESS THAN THE TOTAL PAYMENT THERETOFORE MADE TO THE CONTRACTOR, THE CONTRACTOR SHALL REPAY TO THE GOVERNMENT THE EXCESS AMOUNT; OR

(11) IF THE SETTLEMENT INCLUDES ONLY THE FEE, THE AMOUNT THEREOF WILL BE DETERMINED IN ACCORDANCE WITH SUBPARAGRAPH (1) (D) ABOVE.

(F) THE CONTRACTOR SHALL HAVE THE RIGHT OF APPEAL, UNDER THE CLAUSE OF THIS CONTRACT ENTITLED "DISPUTES," FROM ANY DETERMINATION MADE BY THE CONTRACTING OFFICER UNDER PARAGRAPHS (C) OR (E) ABOVE, EXCEPT THAT IF THE CONTRACTOR HAS FAILED TO SUBMIT HIS CLAIM WITHIN THE TIME PROVIDED IN PARAGRAPH (C) ABOVE AND HAS FAILED TO REQUEST EXTENSION OF SUCH TIME, HE SHALL HAVE NO SUCH RIGHT OF APPEAL. IN ANY CASE WHERE THE CONTRACTING OFFICER HAS MADE A DETERMINATION OF THE AMOUNT DUE UNDER PARAGRAPH (C) OR (E) ABOVE, THE GOVERNMENT SHALL PAY TO THE CONTRACTOR THE FOLLOWING: (1) IF THERE IS NO RIGHT OF APPEAL HEREUNDER OR IF NO TIMELY APPEAL HAS BEEN TAKEN, THE AMOUNT SO DETERMINED BY THE CONTRACTING OFFICER, OR (11) IF AN APPEAL HAS BEEN TAKEN, THE AMOUNT FINALLY DETERMINED ON SUCH APPEAL.

(G) IN ARRIVING AT THE AMOUNT DUE THE CONTRACTOR UNDER THIS CLAUSE THERE SHALL BE DEDUCTED (I) ALL UNLIQUIDATED ADVANCE OR OTHER PAYMENTS THERETOFORE MADE TO THE CONTRACTOR, APPLICABLE TO THE TERMINATED PORTION OF THIS CONTRACT, (II) ANY CLAIM WHICH THE GOVERNMENT MAY HAVE AGAINST THE CONTRACTOR IN CONNECTION WITH THIS CONTRACT, AND (III) THE AGREED PRICE FOR, OR THE PROCEEDS OF SALE OF, ANY MATERIALS, SUPPLIES, OR OTHER THINGS ACQUIRED BY THE CONTRACTOR OR SOLD PURSUANT TO THE PROVISIONS OF THIS CLAUSE AND NOT OTHERWISE RECOVERED BY OR CREDITED TO THE GOVERNMENT.

(H) IN THE EVENT OF A PARTIAL TERMINATION, THE PORTION OF THE FEE WHICH IS PAYABLE WITH RESPECT TO THE WORK UNDER THE CONTINUED PORTION OF THE CONTRACT SHALL BE EQUITABLY ADJUSTED BY AGREEMENT BETWEEN THE CONTRACTOR AND THE CONTRACTING OFFICER, AND SUCH ADJUSTMENT SHALL BE EVIDENCED BY AN AMENDMENT TO THIS CONTRACT.

(I) THE GOVERNMENT MAY FROM TIME TO TIME, UNDER SUCH TERMS AND CONDITIONS AS IT MAY PRESCRIBE, MAKE PARTIAL PAYMENTS AND PAYMENTS ON ACCOUNT AGAINST COSTS INCURRED BY THE CONTRACTOR IN CONNECTION WITH THE TERMINATED PORTION OF THE CONTRACT WHENEVER IN THE OPINION OF THE CONTRACTING OFFICER THE AGGREGATE OF SUCH PAYMENTS SHALL BE WITHIN THE AMOUNT TO WHICH THE CONTRACTOR WILL BE ENTITLED HEREUNDER. IF THE TOTAL OF SUCH PAYMENTS IS IN EXCESS OF THE AMOUNT FINALLY DETERMINED TO BE DUE UNDER THIS CLAUSE, SUCH EXCESS SHALL BE PAYABLE BY THE CONTRACTOR TO THE GOVERNMENT UPON DEMAND, TOGETHER WITH INTEREST COMPUTED AT THE RATE OF 6 PERCENT PER ANNUM, FOR THE PERIOD FROM THE DATE SUCH EXCESS PAYMENT IS RECEIVED BY THE CONTRACTOR TO THE DATE ON WHICH SUCH EXCESS IS REPAID TO THE GOVERNMENT; PROVIDED, HOWEVER, THAT NO INTEREST SHALL BE CHARGED WITH RESPECT TO ANY SUCH EXCESS PAYMENT ATTRIBUTABLE TO A REDUCTION IN THE CONTRACTOR'S CLAIM BY REASON OF RETENTION OR OTHER DISPOSITION OF TERMINATION INVENTORY UNTIL TEN DAYS AFTER THE DATE OF SUCH RETENTION OR DISPOSITION, OR SUCH LATER DATE AS DETERMINED BY THE CONTRACTING OFFICER BY REASON OF THE CIRCUMSTANCES.

(J) THE PROVISIONS OF THIS CLAUSE RELATING TO THE FEE SHALL BE INAPPLICABLE IF THIS CONTRACT DOES NOT PROVIDE FOR PAYMENT OF A FEE.

#### ARTICLE 20 AUTHORIZATION AND CONSENT:

THE GOVERNMENT HEREBY GIVES ITS AUTHORIZATION AND CONSENT FOR ALL USE AND MANUFACTURE OF ANY INVENTION DESCRIBED IN AND COVERED BY A PATENT OF THE UNITED STATES IN THE PERFORMANCE OF THIS CONTRACT OR ANY PART HEREOF OR ANY AMENDMENT HERETO OR ANY SUB-CONTRACT HEREUNDER (INCLUDING ANY LOWER-TIER SUBCONTRACT).

#### ARTICLE 21 NOTICE AND ASSISTANCE REGARDING PATENT INFRINGEMENT:

THE PROVISIONS OF THIS CLAUSE SHALL BE APPLICABLE ONLY IF THE AMOUNT OF THE CONTRACT EXCEEDS \$10,000.

(A) THE CONTRACTOR SHALL REPORT TO THE CONTRACTING OFFICER, PROMPTLY AND IN REASONABLE WRITTEN DETAIL, EACH NOTICE OR CLAIM OF PATENT INFRINGEMENT BASED ON THE PERFORMANCE OF THE CONTRACT OF WHICH THE CONTRACTOR HAS KNOWLEDGE.

(B) IN THE EVENT OF ANY SUIT AGAINST THE GOVERNMENT, OR ANY CLAIM AGAINST THE GOVERNMENT MADE BEFORE SUIT HAS BEEN INSTITUTED, ON ACCOUNT OF ANY ALLEGED PATENT INFRINGEMENT ARISING OUT OF THE PERFORMANCE OF THE CONTRACT OR OUT OF THE USE OF ANY SUPPLIES FURNISHED OR WORK OR SERVICES PERFORMED HEREUNDER, THE CONTRACTOR SHALL FURNISH TO THE GOVERNMENT, UPON REQUEST, ALL EVIDENCE AND INFORMATION IN POSSESSION OF THE CONTRACTOR PERTAINING TO SUCH SUIT OR CLAIM. SUCH EVIDENCE AND INFORMATION SHALL BE FURNISHED AT THE EXPENSE OF THE GOVERNMENT EXCEPT IN THOSE CASES IN WHICH THE CONTRACTOR HAS AGREED TO INDEMNIFY THE GOVERNMENT AGAINST THE CLAIM BEING ASSERTED.

## ARTICLE 22 PATENT RIGHTS:

(A) AS USED IN THIS CLAUSE, THE FOLLOWING TERMS SHALL HAVE THE MEANINGS SET FORTH BELOW:

(1) THE TERM "SUBJECT INVENTION" MEANS ANY INVENTION, IMPROVEMENT, OR DISCOVERY (WHETHER OR NOT PATENTABLE) CONCEIVED OR FIRST ACTUALLY REDUCED TO PRACTICE EITHER--

(A) IN THE PERFORMANCE OF THE EXPERIMENTAL, DEVELOPMENTAL, OR RESEARCH WORK CALLED FOR OR REQUIRED UNDER THIS CONTRACT; OR

(B) IN THE PERFORMANCE OF ANY EXPERIMENTAL, DEVELOPMENTAL, OR RESEARCH WORK RELATING TO THE SUBJECT MATTER OF THIS CONTRACT WHICH WAS DONE UPON AN UNDERSTANDING IN WRITING THAT A CONTRACT WOULD BE AWARDED;

PROVIDED THAT THE TERM "SUBJECT INVENTION" SHALL NOT INCLUDE ANY INVENTION WHICH IS SPECIFICALLY IDENTIFIED AND LISTED IN THE SCHEDULE FOR THE PURPOSE OF EXCLUDING IT FROM THE LICENSE GRANTED BY THIS CLAUSE.

(11) THE TERM "TECHNICAL PERSONNEL" MEANS ANY PERSON EMPLOYED BY OR WORKING UNDER CONTRACT WITH THE CONTRACTOR (OTHER THAN A SUBCONTRACTOR WHOSE RESPONSIBILITIES WITH RESPECT TO RIGHTS ACCRUING TO THE GOVERNMENT IN INVENTIONS ARISING UNDER SUBCONTRACTS SET FORTH IN (G), (H), AND (I) BELOW) WHO, BY REASON OF THE NATURE OF HIS DUTIES IN CONNECTION WITH THE PERFORMANCE OF THIS CONTRACT, WOULD REASONABLY BE EXPECTED TO MAKE INVENTIONS.

(iii) THE TERMS "SUBCONTRACT" AND "SUBCONTRACTOR" MEAN ANY SUBCONTRACT OR SUBCONTRACTOR OF THE CONTRACTOR, AND ANY LOWER-TIER SUBCONTRACT OR SUBCONTRACTOR UNDER THIS CONTRACT.

(b) (1) THE CONTRACTOR AGREES TO AND DOES HEREBY GRANT TO THE GOVERNMENT AN IRREVOCABLE, NONEXCLUSIVE, NONTRANSFERABLE, AND ROYALTY-FREE LICENSE TO PRACTICE, AND CAUSE TO BE PRACTICED BY OR FOR THE UNITED STATES GOVERNMENT, THROUGHOUT THE WORLD, EACH SUBJECT INVENTION IN THE MANUFACTURE, USE AND DISPOSITION ACCORDING TO LAW, OF ANY ARTICLE OR MATERIAL, AND IN THE USE OF ANY METHOD. SUCH LICENSE INCLUDES THE PRACTICE OF SUBJECT INVENTION IN THE MANUFACTURE, USE, AND DISPOSITION OF ANY ARTICLE OR MATERIAL, IN THE USE OF ANY METHOD, OR IN THE PERFORMANCE OF ANY SERVICE ACQUIRED BY OR FOR THE GOVERNMENT OR WITH FUNDS DERIVED THROUGH THE MUTUAL SECURITY PROGRAM OF THE GOVERNMENT OR OTHERWISE THROUGH THE GOVERNMENT. NO LICENSE GRANTED HEREIN SHALL CONVEY ANY RIGHT TO THE GOVERNMENT TO MANUFACTURE, HAVE MANUFACTURED, OR USE ANY SUBJECT INVENTION FOR THE PURPOSE OF PROVIDING SERVICES OR SUPPLIES TO THE GENERAL PUBLIC IN COMPETITION WITH THE CONTRACTOR OR THE CONTRACTOR'S COMMERCIAL LICENSEES IN THE LICENSED FIELDS BUT PROVIDED, HOWEVER, THAT THE RESTRICTION OF THIS SENTENCE SHALL NOT BE APPLICABLE IN RESPECT TO ANY SERVICE OR SUPPLIES WHICH THE GOVERNMENT HAS HERETOFORE OR MAY HEREAFTER PROVIDE AS A GOVERNMENTAL FUNCTION PERTAINING TO GENERAL PUBLIC HEALTH, SAFETY, OR WELFARE.

(b) (2) WITH RESPECT TO:

(i) ANY SUBJECT INVENTION MADE BY OTHER THAN TECHNICAL PERSONNEL;

(ii) ANY SUBJECT INVENTION CONCEIVED PRIOR TO, BUT FIRST ACTUALLY REDUCED TO PRACTICE IN THE COURSE OF, ANY OF THE EXPERIMENTAL, DEVELOPMENTAL, OR RESEARCH WORK SPECIFIED IN (A) (1) ABOVE; AND

(iii) THE PRACTICE OF ANY SUBJECT INVENTION IN FOREIGN COUNTRIES;

THE OBLIGATION OF THE CONTRACTOR TO GRANT A LICENSE AS PROVIDED IN (b) (1) ABOVE, TO CONVEY TITLE AS PROVIDED IN (d) (ii) (B) OR (d) (iv) BELOW, AND TO CONVEY FOREIGN RIGHTS AS PROVIDED IN (e) BELOW, SHALL BE LIMITED TO THE EXTENT OF THE CONTRACTOR'S RIGHT TO GRANT THE SAME WITHOUT INCURRING ANY OBLIGATION TO PAY ROYALTIES OR OTHER COMPENSATION TO OTHERS SOLELY ON ACCOUNT OF SAID GRANT. NOTHING CONTAINED IN THIS PATENT RIGHTS CLAUSE SHALL BE DEEMED TO GRANT ANY LICENSE UNDER ANY INVENTION OTHER THAN A SUBJECT INVENTION.

(c) THE CONTRACTOR SHALL FURNISH TO THE CONTRACTING OFFICER THE FOLLOWING INFORMATION AND REPORTS CONCERNING SUBJECT INVENTIONS WHICH REASONABLY APPEAR TO BE PATENTABLE:

(I) A WRITTEN DISCLOSURE PROMPTLY AFTER CONCEPTION OR FIRST ACTUAL REDUCTION TO PRACTICE OF EACH SUCH INVENTION TOGETHER WITH A WRITTEN STATEMENT SPECIFYING WHETHER OR NOT A UNITED STATES PATENT APPLICATION CLAIMING THE INVENTION HAS BEEN OR WILL BE FILED BY OR ON BEHALF OF THE CONTRACTOR;

(II) INTERIM REPORTS AT LEAST EVERY TWELVE MONTHS, COMMENCING WITH THE DATE OF THIS CONTRACT, EACH LISTING ALL SUCH INVENTIONS CONCEIVED OR FIRST ACTUALLY REDUCED TO PRACTICE MORE THAN THREE MONTHS PRIOR TO THE DATE OF THE REPORT, AND NOT LISTED ON A PRIOR INTERIM REPORT, OR CERTIFYING THAT THERE ARE NO SUCH UNREPORTED INVENTIONS; AND

(III) PRIOR TO FINAL SETTLEMENT OF THIS CONTRACT, A FINAL REPORT LISTING ALL SUCH INVENTIONS INCLUDING ALL THOSE PREVIOUSLY LISTED IN INTERIM REPORTS.

(D) IN CONNECTION WITH EACH SUBJECT INVENTION REFERRED TO IN (C) (I) ABOVE, THE CONTRACTOR SHALL DO THE FOLLOWING:

(I) IF THE CONTRACTOR SPECIFIES THAT A UNITED STATES PATENT APPLICATION CLAIMING SUCH INVENTION WILL BE FILED, THE CONTRACTOR SHALL FILE OR CAUSE TO BE FILED SUCH APPLICATION IN DUE FORM AND TIME; HOWEVER, IF THE CONTRACTOR, AFTER HAVING SPECIFIED THAT SUCH AN APPLICATION WOULD BE FILED, DECIDES NOT TO FILE OR CAUSE TO BE FILED SAID APPLICATION, THE CONTRACTOR SHALL SO NOTIFY THE CONTRACTING OFFICER AT THE EARLIEST PRACTICABLE DATE AND IN ANY EVENT NOT LATER THAN EIGHT MONTHS AFTER FIRST PUBLICATION, PUBLIC USE OR SALE.

(II) IF THE CONTRACTOR SPECIFIES THAT A UNITED STATES PATENT APPLICATION CLAIMING SUCH INVENTION HAS NOT BEEN FILED AND WILL NOT BE FILED (OR HAVING SPECIFIED THAT SUCH AN APPLICATION WILL BE FILED THEREAFTER NOTIFIES THE CONTRACTING OFFICER TO THE CONTRARY), THE CONTRACTOR SHALL:

(A) INFORM THE CONTRACTING OFFICER IN WRITING AT THE EARLIEST PRACTICABLE DATE OF ANY PUBLICATION OF SUCH INVENTION MADE BY OR KNOWN TO THE CONTRACTOR OR, WHERE APPLICABLE, OF ANY CONTEMPLATED PUBLICATION BY THE CONTRACTOR, STATING THE DATE AND IDENTITY OF SUCH PUBLICATION OR CONTEMPLATED PUBLICATION; AND

(B) CONVEY TO THE GOVERNMENT THE CONTRACTOR'S ENTIRE RIGHT, TITLE, AND INTEREST IN SUCH INVENTION BY DELIVERING TO THE CONTRACTING OFFICER UPON WRITTEN REQUEST SUCH DULY EXECUTED INSTRUMENTS (PREPARED BY THE GOVERNMENT) OF ASSIGNMENT AND APPLICATION, AND SUCH OTHER PAPERS AS

ARE DEEMED NECESSARY TO VEST IN THE GOVERNMENT THE CONTRACTOR'S RIGHT, TITLE, AND INTEREST AFORESAID, AND THE RIGHT TO APPLY FOR AND PROSECUTE PATENT APPLICATIONS COVERING SUCH INVENTION THROUGHOUT THE WORLD, SUBJECT, HOWEVER, TO THE RIGHTS OF THE CONTRACTOR IN FOREIGN APPLICATIONS AS PROVIDED IN (E) BELOW, AND SUBJECT FURTHER TO THE RESERVATION OF A NON-EXCLUSIVE AND ROYALTY-FREE LICENSE TO THE CONTRACTOR (AND TO ITS EXISTING AND FUTURE ASSOCIATED AND AFFILIATED COMPANIES, IF ANY, WITHIN THE CORPORATE STRUCTURE OF WHICH THE CONTRACTOR IS A PART) WHICH LICENSE SHALL BE ASSIGNABLE TO THE SUCCESSOR OF THAT PART OF THE CONTRACTOR'S BUSINESS TO WHICH SUCH INVENTION PERTAINS;

(III) THE CONTRACTOR SHALL FURNISH PROMPTLY TO THE CONTRACTING OFFICER ON REQUEST AN IRREVOCABLE POWER OF ATTORNEY TO INSPECT AND MAKE COPIES OF EACH UNITED STATES PATENT APPLICATION FILED BY OR ON BEHALF OF THE CONTRACTOR COVERING ANY SUCH INVENTION;

(IV) IN THE EVENT THE CONTRACTOR, OR THOSE OTHER THAN THE GOVERNMENT DERIVING RIGHTS FROM THE CONTRACTOR, ELECTS NOT TO CONTINUE PROSECUTION OF ANY SUCH UNITED STATES PATENT APPLICATION FILED BY OR ON BEHALF OF THE CONTRACTOR, THE CONTRACTOR SHALL SO NOTIFY THE CONTRACTING OFFICER NOT LESS THAN SIXTY DAYS BEFORE THE EXPIRATION OF THE RESPONSE PERIOD AND, UPON WRITTEN REQUEST, DELIVER TO THE CONTRACTING OFFICER SUCH DULY EXECUTED INSTRUMENTS (PREPARED BY THE GOVERNMENT) AS ARE DEEMED NECESSARY TO VEST IN THE GOVERNMENT THE CONTRACTOR'S ENTIRE RIGHT, TITLE, AND INTEREST IN SUCH INVENTION AND THE APPLICATION, SUBJECT TO THE RESERVATION AS SPECIFIED IN (D) (II) ABOVE; AND

(V) THE CONTRACTOR SHALL DELIVER TO THE CONTRACTING OFFICER DULY EXECUTED INSTRUMENTS FULLY CONFIRMATORY OF ANY LICENSE RIGHTS HEREIN AGREED TO BE GRANTED TO THE GOVERNMENT.

(E) THE CONTRACTOR, OR THOSE OTHER THAN THE GOVERNMENT DERIVING RIGHTS FROM THE CONTRACTOR, SHALL, AS BETWEEN THE PARTIES HERETO, HAVE THE EXCLUSIVE RIGHT TO FILE APPLICATIONS ON SUBJECT INVENTIONS IN EACH FOREIGN COUNTRY WITHIN:

(I) NINE MONTHS FROM THE DATE A CORRESPONDING UNITED STATES APPLICATION IS FILED;

(II) SIX MONTHS FROM THE DATE PERMISSION IS GRANTED TO FILE FOREIGN APPLICATIONS WHERE SUCH FILING HAD BEEN PROHIBITED FOR SECURITY REASONS; OR

(III) SUCH LONGER PERIOD AS MAY BE APPROVED BY THE CONTRACTING OFFICER.

THE CONTRACTOR SHALL, UPON WRITTEN REQUEST OF THE CONTRACTING OFFICER CONVEY TO THE GOVERNMENT THE CONTRACTOR'S ENTIRE RIGHT, TITLE AND INTEREST IN EACH SUBJECT INVENTION IN EACH FOREIGN COUNTRY IN WHICH AN APPLICATION HAS NOT BEEN FILED WITHIN THE TIME ABOVE SPECIFIED, SUBJECT TO THE RESERVATION OF A NON-EXCLUSIVE AND ROYALTY-FREE LICENSE TO THE CONTRACTOR TOGETHER WITH THE RIGHT OF THE CONTRACTOR TO GRANT SUBLICENSES, WHICH LICENSE AND RIGHT SHALL BE ASSIGNABLE TO THE SUCCESSOR OF THAT PART OF THE CONTRACTOR'S BUSINESS TO WHICH THE SUBJECT INVENTION PERTAINS.

(F) IF THE CONTRACTOR FAILS TO DELIVER TO THE CONTRACTING OFFICER THE INTERIM REPORTS REQUIRED BY (C) (II) ABOVE, OR FAILS TO FURNISH THE WRITTEN DISCLOSURES FOR ALL SUBJECT INVENTIONS REQUIRED BY (C) (I) ABOVE SHOWN TO BE DUE IN ACCORDANCE WITH ANY INTERIM REPORT DELIVERED UNDER (C) (II) OR OTHERWISE KNOWN TO BE UNREPORTED, THERE SHALL BE WITHHELD FROM PAYMENT UNTIL THE CONTRACTOR SHALL HAVE CORRECTED SUCH FAILURES EITHER TEN PERCENT (10%) OF THE AMOUNT OF THIS CONTRACT, AS FROM TIME TO TIME AMENDED, OR FIVE THOUSAND DOLLARS (\$5,000), WHICHEVER IS LESS. AFTER PAYMENT OF EIGHTY PERCENT (80%) OF THE AMOUNT OF THIS CONTRACT, AS FROM TIME TO TIME AMENDED, PAYMENT SHALL BE WITHHELD UNTIL A RESERVE OF EITHER TEN PERCENT (10%) OF SUCH AMOUNT, OR FIVE THOUSAND DOLLARS (\$5,000), WHICHEVER IS LESS, SHALL HAVE BEEN SET ASIDE, SUCH RESERVE OR BALANCE THEREOF TO BE RETAINED UNTIL THE CONTRACTOR SHALL HAVE FURNISHED TO THE CONTRACTING OFFICER:

(I) THE FINAL REPORT REQUIRED BY (C) (III) ABOVE;

(II) WRITTEN DISCLOSURES FOR ALL SUBJECT INVENTIONS REQUIRED BY (C) (I) ABOVE WHICH ARE SHOWN TO BE DUE IN ACCORDANCE WITH INTERIM REPORTS DELIVERED UNDER (C) (II) ABOVE, OR IN ACCORDANCE WITH SUCH FINAL REPORTS, OR ARE OTHERWISE KNOWN TO BE UNREPORTED; AND

(III) THE INFORMATION AS TO ANY SUBCONTRACTOR REQUIRED BY (H) BELOW.

THE MAXIMUM AMOUNT WHICH MAY BE WITHHELD UNDER THIS PARAGRAPH (F) SHALL NOT EXCEED TEN PERCENT (10%) OF THE AMOUNT OF THIS CONTRACT OR FIVE THOUSAND DOLLARS (\$5,000), WHICHEVER IS LESS, AND NO AMOUNT SHALL BE WITHHELD UNDER THIS PARAGRAPH (F) WHEN THE AMOUNT SPECIFIED BY THIS PARAGRAPH (F) IS BEING WITHHELD UNDER OTHER PROVISIONS OF THIS CONTRACT. THE WITHHOLDING OF ANY AMOUNT OR SUBSEQUENT PAYMENT THEREOF TO THE CONTRACTOR SHALL NOT BE CONSTRUED AS A WAIVER OF ANY RIGHTS ACCRUING TO THE GOVERNMENT UNDER THIS CONTRACT. THIS PARAGRAPH (F) SHALL NOT BE CONSTRUED AS REQUIRING THE CONTRACTOR TO WITHHOLD ANY AMOUNTS FROM A SUBCONTRACTOR TO ENFORCE COMPLIANCE WITH THE PATENT PROVISIONS OF A SUBCONTRACT.

(G) THE CONTRACTOR SHALL EXERT ALL REASONABLE EFFORT IN NEGOTIATING FOR THE INCLUSION OF A PATENT RIGHTS CLAUSE CONTAINING ALL THE PROVISIONS OF THIS PATENT RIGHTS CLAUSE EXCEPT PROVISIONS (F) AND (I) IN ANY SUBCONTRACT HEREUNDER OF THREE THOUSAND DOLLARS (\$3,000) OR MORE HAVING EXPERIMENTAL, DEVELOPMENTAL, OR RESEARCH WORK AS ONE OF ITS PURPOSES. IN THE EVENT OF REFUSAL BY A SUBCONTRACTOR TO ACCEPT SUCH A PATENT RIGHTS CLAUSE, THE CONTRACTOR SHALL NOT PROCEED WITH THE SUBCONTRACT WITHOUT

WRITTEN AUTHORIZATION OF THE CONTRACTING OFFICER OR UNLESS THERE HAS BEEN A WAIVER OF THE REQUIREMENT AS HEREINAFTER PROVIDED. THE CONTRACTOR, IF UNABLE TO COMPLY WITH THE REQUIREMENT THAT SUCH A PATENT RIGHTS CLAUSE BE INCLUDED IN A SUBCONTRACT AFTER EXERTING ALL REASONABLE EFFORT TO DO SO, MAY SUBMIT TO THE CONTRACTING OFFICER A WRITTEN REQUEST FOR WAIVER OR MODIFICATION OF SUCH REQUIREMENT. IF, WITHIN THIRTY-FIVE (35) DAYS AFTER THE RECEIPT OF SUCH REQUEST, THE CONTRACTING OFFICER DOES NOT MAIL OR OTHERWISE FURNISH THE CONTRACTOR WRITTEN DENIAL OF SUCH REQUEST OR NOTIFICATION THAT THE GOVERNMENT REQUESTS THE CONTRACTOR'S COOPERATION WITH THE GOVERNMENT, WHICH THE CONTRACTOR AGREES TO PROVIDE, IN NEGOTIATING WITH THE SUBCONTRACTOR FOR THE ACCEPTANCE OF A SUITABLE PATENT RIGHTS CLAUSE, THE REQUIREMENTS SHALL BE DEEMED TO HAVE BEEN WAIVED BY THE CONTRACTING OFFICER AS TO ALL PATENT RIGHTS PROVISIONS WITH RESPECT TO SUBJECT INVENTIONS, EXCEPT SUCH PROVISIONS, IF ANY, RELATING TO THE PRODUCTION OR UTILIZATION OF SPECIAL NUCLEAR MATERIAL OR ATOMIC ENERGY. SUCH REQUEST SHALL SPECIFICALLY STATE THAT THE CONTRACTOR HAS USED ALL REASONABLE EFFORT TO COMPLY WITH SAID REQUIREMENT AND SHALL CITE THE WAIVER PROVISION HEREINABOVE SET FORTH. THE CONTRACTOR IS NOT REQUIRED, WHEN NEGOTIATING WITH A SUBCONTRACTOR, TO OBTAIN IN BEHALF OF THE GOVERNMENT ANY RIGHTS IN SUBJECT INVENTIONS OTHER THAN AS PROVIDED HEREIN. HOWEVER, THE CONTRACTOR IS NOT PRECLUDED FROM SEPARATELY NEGOTIATING WITH A SUBCONTRACTOR FOR RIGHTS IN SUBJECT INVENTIONS FOR THE CONTRACTOR'S OWN BEHALF, BUT ANY COSTS SO INCURRED SHALL NOT BE CONSIDERED AS AN ALLOWABLE CHARGE OR COST UNDER THIS CONTRACT. REPORTS, INSTRUMENTS, AND OTHER INFORMATION REQUIRED TO BE FURNISHED BY A SUBCONTRACTOR TO THE CONTRACTING OFFICER UNDER THE PROVISIONS OF SUCH A PATENT RIGHTS CLAUSE IN A SUBCONTRACT HEREUNDER MAY, UPON MUTUAL CONSENT OF THE CONTRACTOR AND THE SUBCONTRACTOR (OR BY DIRECTION OF THE CONTRACTING OFFICER) BE FURNISHED TO THE CONTRACTOR FOR TRANSMISSION TO THE CONTRACTING OFFICER.

(H) THE CONTRACTOR SHALL, AT THE EARLIEST PRACTICABLE DATE, NOTIFY THE CONTRACTING OFFICER IN WRITING OF ANY SUBCONTRACT CONTAINING ONE OR MORE PATENT RIGHTS CLAUSES; FURNISH THE CONTRACTING OFFICER A COPY OF EACH SUCH CLAUSES; NOTIFY THE CONTRACTING OFFICER WHEN SUCH SUBCONTRACT IS COMPLETED. IT IS UNDERSTOOD THAT WITH RESPECT TO ANY SUBCONTRACT CLAUSE GRANTING RIGHTS TO THE GOVERNMENT IN SUBJECT INVENTIONS, THE GOVERNMENT IS A THIRD PARTY BENEFICIARY; AND THE CONTRACTOR HEREBY ASSIGNS TO THE GOVERNMENT ALL THE RIGHTS THAT THE CONTRACTOR WOULD HAVE TO ENFORCE THE SUBCONTRACTOR'S OBLIGATIONS FOR THE BENEFIT OF THE GOVERNMENT WITH RESPECT TO SUBJECT INVENTIONS. IF THERE ARE NO SUBCONTRACTS CONTAINING PATENT RIGHTS CLAUSES, A NEGATIVE REPORT IS REQUIRED. THE CONTRACTOR SHALL NOT BE OBLIGATED TO ENFORCE THE AGREEMENTS OF ANY SUBCONTRACTOR HEREUNDER RELATING TO THE OBLIGATIONS OF THE SUBCONTRACTOR TO THE GOVERNMENT IN REGARD TO SUBJECT INVENTIONS.

(I) WHEN THE CONTRACTOR SHOWS THAT HE HAS BEEN DELAYED IN THE PERFORMANCE OF THIS CONTRACT BY REASON OF THE CONTRACTOR'S INABILITY TO OBTAIN, IN ACCORDANCE WITH THE REQUIREMENTS OF (G) ABOVE, THE PRESCRIBED OR OTHER AUTHORIZED SUITABLE PATENT RIGHTS CLAUSE FROM A QUALIFIED SUBCONTRACTOR FOR ANY ITEM OR SERVICE REQUIRED UNDER THIS CONTRACT FOR WHICH THE CONTRACTOR HIMSELF DOES NOT HAVE AVAILABLE FACILITIES OR QUALIFIED PERSONNEL, THE CONTRACTOR'S DELIVERY DATES SHALL BE EXTENDED FOR A PERIOD



OF TIME EQUAL TO THE DURATION OF SUCH DELAY. UPON REQUEST OF THE CONTRACTOR, THE CONTRACTING OFFICER SHALL DETERMINE THE WHAT EXTENT, IF ANY, AN ADDITIONAL EXTENSION OF THE DELIVERY DATES AND INCREASE IN CONTRACT PRICES BASED UPON ADDITIONAL COSTS INCURRED BY SUCH DELAY ARE PROPER UNDER THE CIRCUMSTANCES; AND THE CONTRACT SHALL BE MODIFIED ACCORDINGLY.

(J) THE CONTRACTOR RECOGNIZES THAT THE GOVERNMENT, OR A FOREIGN GOVERNMENT WITH FUNDS DERIVED THROUGH THE MUTUAL SECURITY PROGRAM OR OTHERWISE THROUGH THE UNITED STATES GOVERNMENT, MAY CONTRACT FOR PROPERTY OR SERVICES WITH RESPECT TO WHICH THE VENDOR MAY BE LIABLE TO THE CONTRACTOR FOR ROYALTIES FOR THE USE OF A SUBJECT INVENTION ON ACCOUNT OF SUCH A CONTRACT. THE CONTRACTOR FURTHER RECOGNIZES THAT IT IS THE POLICY OF THE GOVERNMENT NOT TO PAY IN CONNECTION WITH ITS CONTRACTS, OR TO ALLOW TO BE PAID IN CONNECTION WITH CONTRACTS MADE WITH FUNDS DERIVED THROUGH THE MUTUAL SECURITY PROGRAM OR OTHERWISE THROUGH THE UNITED STATES GOVERNMENT, CHARGES FOR USE OF PATENTS IN WHICH THE GOVERNMENT HOLDS A ROYALTY-FREE LICENSE. IN RECOGNITION OF THIS POLICY, THE CONTRACTOR AGREES TO PARTICIPATE IN AND MAKE APPROPRIATE ARRANGEMENTS FOR THE EXCLUSION OF SUCH CHARGES FROM SUCH CONTRACTS OR FOR THE REFUND OF AMOUNTS RECEIVED BY THE CONTRACTOR WITH RESPECT TO ANY SUCH CHARGES NOT SO EXCLUDED.

#### ARTICLE 23 FILING OF PATENT APPLICATIONS:

(A) BEFORE FILING OR CAUSING TO BE FILED A PATENT APPLICATION DISCLOSING ANY SUBJECT MATTER OF THIS CONTRACT, WHICH SUBJECT MATTER IS CLASSIFIED "SECRET" OR HIGHER, THE CONTRACTOR SHALL, CITING THE THIRTY (30) DAY PROVISION BELOW, TRANSMIT THE PROPOSED APPLICATION TO THE CONTRACTING OFFICER FOR DETERMINATION ON WHETHER, FOR REASONS OF NATIONAL SECURITY, SUCH APPLICATION SHOULD BE PLACED UNDER AN ORDER OF SECRECY OR SEALED IN ACCORDANCE WITH THE PROVISIONS OF 35 U. S. CODE 181-188 OR THE ISSUANCE OF A PATENT SHOULD BE OTHERWISE DELAYED UNDER PERTINENT STATUTES OR REGULATIONS; AND THE CONTRACTOR SHALL OBSERVE ANY INSTRUCTIONS OF THE CONTRACTING OFFICER WITH RESPECT TO THE MANNER OF DELIVERY OF THE PATENT APPLICATION TO THE U. S. PATENT OFFICE FOR FILING, BUT THE CONTRACTOR SHALL NOT BE DENIED THE RIGHT TO FILE SUCH PATENT APPLICATION. IF THE CONTRACTING OFFICER SHALL NOT HAVE GIVEN ANY SUCH INSTRUCTIONS WITHIN THIRTY (30) DAYS FROM THE DATE OF MAILING OR OTHER TRANSMITTAL OF THE PROPOSED APPLICATION, THE CONTRACTOR MAY FILE THE APPLICATION.

(B) THE CONTRACTOR SHALL FURNISH TO THE CONTRACTING OFFICER, AT THE TIME OF OR PRIOR TO THE TIME WHEN THE CONTRACTOR FILES OR CAUSES TO BE FILED A PATENT APPLICATION DISCLOSING ANY SUBJECT MATTER OF THIS CONTRACT, WHICH SUBJECT MATTER IS CLASSIFIED "CONFIDENTIAL," A COPY OF SUCH APPLICATION FOR DETERMINATION WHETHER, FOR REASONS OF NATIONAL SECURITY, SUCH APPLICATION SHOULD BE PLACED UNDER AN ORDER OF SECRECY OR THE ISSUANCE OF A PATENT SHOULD OTHERWISE BE DELAYED UNDER PERTINENT STATUTES OR REGULATIONS.

(C) IN FILING ANY PATENT APPLICATION COMING WITHIN THE SCOPE OF THIS CLAUSE, THE CONTRACTOR SHALL OBSERVE ALL APPLICABLE SECURITY REGULATIONS COVERING THE TRANSMISSION OF CLASSIFIED SUBJECT MATTER.

ARTICLE 24 DATA:

(A) THE TERM "SUBJECT DATA" AS USED HEREIN INCLUDES WRITINGS, SOUND RECORDINGS, PICTORIAL REPRODUCTIONS, DRAWINGS OR OTHER GRAPHICAL REPRESENTATIONS, AND WORKS OF ANY SIMILAR NATURE (WHETHER OR NOT COPYRIGHTED) WHICH ARE SPECIFIED TO BE DELIVERED UNDER THIS CONTRACT. THE TERM DOES NOT INCLUDE FINANCIAL REPORTS, COST ANALYSES, AND OTHER INFORMATION INCIDENTAL TO CONTRACT ADMINISTRATION.

(B) THE CONTRACTOR AGREES TO AND DOES HEREBY GRANT TO THE GOVERNMENT, AND TO ITS OFFICERS, AGENTS, AND EMPLOYEES ACTING WITHIN THE SCOPE OF THEIR OFFICIAL DUTIES, A ROYALTY-FREE, NONEXCLUSIVE AND IRREVOCABLE LICENSE THROUGHOUT THE WORLD FOR GOVERNMENT PURPOSES TO PUBLISH, TRANSLATE, REPRODUCE, DELIVER, PERFORM, DISPOSE OF, AND TO AUTHORIZE OTHERS SO TO DO, ALL SUBJECT DATA NOW OR HEREAFTER COVERED BY COPYRIGHT; PROVIDED, THAT WITH RESPECT TO THE SUBJECT DATA NOW OR HEREAFTER COVERED BY COPYRIGHT AND NOT ORIGINATED IN THE PERFORMANCE OF THIS CONTRACT, SUCH LICENSE SHALL BE ONLY TO THE EXTENT THAT THE CONTRACTOR, HIS EMPLOYEES, OR ANY INDIVIDUAL OR CONCERN SPECIFICALLY EMPLOYED OR ASSIGNED BY THE CONTRACTOR TO ORIGINATE AND PREPARE SUCH DATA UNDER THIS CONTRACT, NOW HAS, OR PRIOR TO COMPLETION OR FINAL SETTLEMENT OF THIS CONTRACT MAY ACQUIRE, THE RIGHT TO GRANT SUCH LICENSE WITHOUT BECOMING LIABLE TO PAY COMPENSATION TO OTHERS SOLELY BECAUSE OF SUCH GRANT.

(C) THE CONTRACTOR SHALL EXERT ALL REASONABLE EFFORT TO ADVISE THE CONTRACTING OFFICER, AT THE TIME OF DELIVERY OF THE SUBJECT DATA FURNISHED UNDER THIS CONTRACT, (I) OF ALL INVASIONS OF THE RIGHT OF PRIVACY CONTAINED THEREIN AND (II) OF ALL PORTIONS OF SUCH DATA COPIED FROM WORK NOT COMPOSED OR PRODUCED IN THE PERFORMANCE OF THIS CONTRACT AND NOT LICENSED UNDER THIS CLAUSE.

(D) THE CONTRACTOR SHALL REPORT TO THE CONTRACTING OFFICER PROMPTLY AND IN REASONABLE WRITTEN DETAIL, EACH NOTICE OR CLAIM OF COPYRIGHT INFRINGEMENT RECEIVED BY THE CONTRACTOR WITH RESPECT TO ALL SUBJECT DATA DELIVERED UNDER THIS CONTRACT.

(E) NOTHING CONTAINED IN THIS CLAUSE SHALL IMPLY A LICENSE TO THE GOVERNMENT UNDER ANY PATENT OR BE CONSTRUED AS AFFECTING THE SCOPE OF ANY LICENSE OR OTHER RIGHT OTHERWISE GRANTED TO THE GOVERNMENT UNDER ANY PATENT.

(F) SUBJECT TO THE PROVISIO OF (B) ABOVE AND UNLESS OTHERWISE LIMITED BELOW, THE GOVERNMENT MAY DUPLICATE, USE, AND DISCLOSE IN ANY MANNER AND FOR ANY PURPOSE WHATSOEVER, AND HAVE OTHERS SO DO, ALL SUBJECT DATA DELIVERED UNDER THIS CONTRACT.

(G) THE CONTRACTOR RECOGNIZES THAT THE GOVERNMENT, OR A FOREIGN GOVERNMENT WITH FUNDS DERIVED THROUGH THE MUTUAL SECURITY PROGRAM OR OTHERWISE THROUGH THE UNITED STATES GOVERNMENT, MAY CONTRACT FOR PROPERTY OR SERVICES WITH RESPECT TO WHICH THE VENDOR MAY BE LIABLE TO THE CONTRACTOR FOR CHARGES FOR THE USE OF SUBJECT DATA ON ACCOUNT OF SUCH A CONTRACT.

THE CONTRACTOR FURTHER RECOGNIZES THAT IT IS THE POLICY OF THE GOVERNMENT NOT TO PAY IN CONNECTION WITH ITS CONTRACTS, OR TO ALLOW TO BE PAID IN CONNECTION WITH CONTRACTS MADE WITH FUNDS DERIVED THROUGH THE MUTUAL SECURITY PROGRAM OR OTHERWISE THROUGH THE UNITED STATES GOVERNMENT, CHARGES FOR DATA WHICH THE GOVERNMENT HAS A RIGHT TO USE AND DISCLOSE TO OTHERS, OR WHICH IS IN THE PUBLIC DOMAIN, OR WITH RESPECT TO WHICH THE GOVERNMENT HAS BEEN PLACED IN POSSESSION WITHOUT RESTRICTIONS UPON ITS USE AND DISCLOSURE TO OTHERS. THIS POLICY DOES NOT APPLY TO REASONABLE REPRODUCTION, HANDLING, MAILING, AND SIMILAR ADMINISTRATIVE COSTS INCIDENT TO THE FURNISHING OF SUCH DATA. IN RECOGNITION OF THIS POLICY, THE CONTRACTOR AGREES TO PARTICIPATE IN AND MAKE APPROPRIATE ARRANGEMENTS FOR THE EXCLUSION OF SUCH CHARGES FROM SUCH CONTRACTS OR FOR THE REFUND OF AMOUNTS RECEIVED BY THE CONTRACTOR WITH RESPECT TO ANY SUCH CHARGES NOT SO EXCLUDED.

(H) NOTWITHSTANDING ANY PROVISIONS OF THIS CONTRACT CONCERNING INSPECTION AND ACCEPTANCE, THE GOVERNMENT SHALL HAVE THE RIGHT AT ANY TIME TO MODIFY, REMOVE, ~~OR~~ ALTER OR IGNORE ANY MARKING NOT AUTHORIZED BY THE TERMS OF THIS CONTRACT ON ANY PIECE OF SUBJECT DATA FURNISHED UNDER THIS CONTRACT.

(I) DATA NEED NOT BE FURNISHED FOR STANDARD COMMERCIAL ITEMS OR SERVICES WHICH ARE NORMALLY OR HAVE BEEN SOLD OR OFFERED TO THE PUBLIC COMMERCIAL BY ANY SUPPLIER AND WHICH ARE INCORPORATED AS COMPONENT PARTS IN OR TO BE USED WITH THE PRODUCT OR PROCESS BEING DEVELOPED IF IN LIEU THEREOF IDENTIFICATION OF SOURCE AND CHARACTERISTICS (INCLUDING PERFORMANCE SPECIFICATIONS, WHEN NECESSARY) SUFFICIENT TO ENABLE THE GOVERNMENT TO PROCURE THE PART OR AN ADEQUATE SUBSTITUTE, ARE FURNISHED; AND FURTHER, PROPRIETARY DATA NEED NOT BE FURNISHED FOR OTHER ITEMS WHICH WERE DEVELOPED AT PRIVATE EXPENSE AND PREVIOUSLY SOLD OR OFFERED FOR SALE, INCLUDING MINOR MODIFICATIONS THEREOF, WHICH ARE INCORPORATED AS COMPONENT PARTS IN OR TO BE USED WITH THE PRODUCT OR PROCESS BEING DEVELOPED, IF IN LIEU THEREOF THE CONTRACTOR SHALL IDENTIFY SUCH OTHER ITEMS AND THAT "PROPRIETARY DATA" PERTAINING THERETO WHICH IS NECESSARY TO ENABLE REPRODUCTION OR MANUFACTURE OF THE ITEM OR PERFORMANCE OF THE PROCESS. FOR THE PURPOSE OF THIS CLAUSE "PROPRIETARY DATA" MEANS DATA PROVIDING INFORMATION CONCERNING THE DETAILS OF A CONTRACTOR'S SECRETS OF MANUFACTURE, SUCH AS MAY BE CONTAINED IN BUT NOT LIMITED TO ITS MANUFACTURING METHODS OR PROCESSES, TREATMENT AND CHEMICAL COMPOSITION OF MATERIALS, PLANT LAYOUT AND TOOLING, TO THE EXTENT THAT SUCH INFORMATION IS NOT DISCLOSED BY INSPECTION OR ANALYSIS OF THE PRODUCT ITSELF AND TO THE EXTENT THAT THE CONTRACTOR HAS PROTECTED SUCH INFORMATION FROM UNRESTRICTED USE BY OTHERS.

#### ARTICLE 25 FLIGHT RISKS:

(A) NOTWITHSTANDING ANY OTHER PROVISION OF THIS CONTRACT, AND PARTICULARLY SUBPARAGRAPH (F) (1) OF THE GOVERNMENT PROPERTY CLAUSE AND PARAGRAPH (C) OF THE INSURANCE - LIABILITY TO THIRD PERSONS CLAUSE, THE CONTRACTOR SHALL NOT (I) BE RELIEVED OF LIABILITY FOR, DAMAGE TO, OR LOSS OR DESTRUCTION OF, AIRCRAFT SUSTAINED DURING FLIGHT, OR (II) BE REIMBURSED FOR LIABILITIES TO THIRD PERSONS FOR LOSS OF OR DAMAGE TO PROPERTY, OR FOR DEATH OR BODILY INJURY, WHICH ARE CAUSED BY AIRCRAFT DURING FLIGHT, UNLESS THE FLIGHT CREW MEMBERS HAVE PREVIOUSLY BEEN APPROVED IN WRITING BY THE CONTRACTING OFFICER.

(B) FOR THE PURPOSES OF THIS CLAUSE:

- (I) UNLESS OTHERWISE SPECIFICALLY PROVIDED IN THE SCHEDULE, THE TERM "AIRCRAFT" MEANS ANY AIRCRAFT, WHETHER FURNISHED BY THE CONTRACTOR UNDER THIS CONTRACT OR FURNISHED BY THE GOVERNMENT TO THE CONTRACTOR UNDER THIS CONTRACT, INCLUDING ALL GOVERNMENT PROPERTY PLACED OR INSTALLED THEREIN OR ATTACHED THERETO.
- (II) THE TERM "FLIGHT" MEANS ANY FLIGHT DEMONSTRATION, FLIGHT TEST, TAXI TEST, OR OTHER FLIGHT, MADE IN THE PERFORMANCE OF THIS CONTRACT, OR FOR THE PURPOSE OF SAFEGUARDING THE AIRCRAFT, OR PREVIOUSLY APPROVED IN WRITING BY THE CONTRACTING OFFICER. AS TO LAND BASED AIRCRAFT, "FLIGHT" SHALL COMMENCE WITH THE TAXI ROLL FROM A FLIGHT LINE AND CONTINUE UNTIL THE AIRCRAFT HAS COMPLETED THE TAXI ROLL TO A FLIGHT LINE; AS TO SEA PLANES, "FLIGHT" SHALL COMMENCE WITH THE LAUNCHING FROM A RAMP AND CONTINUE UNTIL THE AIRCRAFT HAS COMPLETED ITS LANDING RUN AND IS BEACHED AT A RAMP; AS TO HELICOPTERS, "FLIGHT" SHALL COMMENCE UPON ENGAGEMENT OF THE ROTORS FOR THE PURPOSE OF TAKE-OFF AND CONTINUE UNTIL THE AIRCRAFT HAS RETURNED TO THE GROUND AND ROTORS ARE DISENGAGED; AND FOR VERTICAL TAKE-OFF AIRCRAFT, "FLIGHT" SHALL COMMENCE UPON DISENGAGEMENT FROM ANY LAUNCHING PLATFORM OR DEVICE AND CONTINUE UNTIL THE AIRCRAFT HAS BEEN RE-ENGAGED TO ANY LAUNCHING PLATFORM OR DEVICE.
- (III) THE TERM "FLIGHT CREW MEMBERS" MEANS THOSE PERSONS IN THE AIRCRAFT WHO HAVE BEEN DESIGNATED BY THE CONTRACTOR TO CONDUCT ANY FLIGHT, AS DEFINED IN SUBPARAGRAPH (II) ABOVE, ON BEHALF OF THE CONTRACTOR.

ARTICLE 26 CONVICT LABOR:

IN CONNECTION WITH THE PERFORMANCE OF WORK UNDER THE CONTRACT, THE CONTRACTOR AGREES NOT TO EMPLOY ANY PERSON UNDERGOING SENTENCE OF IMPRISONMENT AT HARD LABOR.

ARTICLE 27 WALSH-HEALEY PUBLIC CONTRACTS ACT:

IF THIS CONTRACT IS FOR THE MANUFACTURE OR FURNISHING OF MATERIALS, SUPPLIES, ARTICLES, OR EQUIPMENT IN AN AMOUNT WHICH EXCEEDS OR MAY EXCEED \$10,000 AND IS OTHERWISE SUBJECT TO THE WALSH-HEALEY PUBLIC CONTRACTS ACT, AS AMENDED (41 U. S. CODE 35-45), THERE ARE HEREBY INCORPORATED BY REFERENCE ALL REPRESENTATIONS AND STIPULATIONS REQUIRED BY SAID ACT AND REGULATIONS ISSUED THEREUNDER BY THE SECRETARY OF LABOR, SUCH REPRESENTATIONS AND STIPULATIONS BEING SUBJECT TO ALL APPLICABLE RULINGS AND INTERPRETATIONS OF THE SECRETARY OF LABOR WHICH ARE NOW OR MAY HEREAFTER BE IN EFFECT.

ARTICLE 28 EIGHT HOUR LAW OF 1912--OVERTIME COMPENSATION:

THIS CONTRACT, TO THE EXTENT THAT IT IS OF A CHARACTER SPECIFIED IN THE EIGHT HOUR LAW OF 1912 AS AMENDED (40 U. S. CODE 324-326) AND IS NOT COVERED BY THE WALSH-HEALEY PUBLIC CONTRACTS ACTS (41 U. S. CODE 35-45), IS SUBJECT TO THE FOLLOWING PROVISIONS AND EXCEPTIONS OF SAID EIGHT HOUR LAW OF 1912 AS AMENDED, AND TO ALL OTHER PROVISIONS AND EXCEPTIONS OF SAID LAW:

NO LABORER OR MECHANIC DOING ANY PART OF THE WORK CONTEMPLATED BY THIS CONTRACT, IN THE EMPLOY OF THE CONTRACTOR OR ANY SUBCONTRACTOR CONTRACTING FOR ANY PART OF THE SAID WORK CONTEMPLATED, SHALL BE REQUIRED OR PERMITTED TO WORK MORE THAN EIGHT HOURS IN ANY ONE CALENDAR DAY UPON SUCH WORK, EXCEPT UPON THE CONDITION THAT COMPENSATION IS PAID TO SUCH LABORER OR MECHANIC IN ACCORDANCE WITH THE PROVISIONS OF THIS CLAUSE. THE WAGES OF EVERY LABORER AND MECHANIC EMPLOYED BY THE CONTRACTOR OR ANY SUBCONTRACTOR ENGAGED IN THE PERFORMANCE OF THIS CONTRACT SHALL BE COMPUTED ON A BASIC DAY RATE OF EIGHT HOURS PER DAY; AND WORK IN EXCESS OF EIGHT HOURS PER DAY IS PERMITTED ONLY UPON THE CONDITION THAT EVERY SUCH LABORER AND MECHANIC SHALL BE COMPENSATED FOR ALL HOURS WORKED IN EXCESS OF EIGHT HOURS PER DAY AT NOT LESS THAN ONE AND ONEHALF TIMES THE BASIC RATE OF PAY. FOR EACH VIOLATION OF THE REQUIREMENTS OF THIS CLAUSE A PENALTY OF FIVE DOLLARS SHALL BE IMPOSED FOR EACH LABORER OR MECHANIC FOR EVERY CALENDAR DAY IN WHICH SUCH EMPLOYEE IS REQUIRED OR PERMITTED TO LABOR MORE THAN EIGHT HOURS UPON SAID WORK WITHOUT RECEIVING COMPENSATION COMPUTED IN ACCORDANCE WITH THIS CLAUSE, AND ALL PENALTIES THUS IMPOSED SHALL BE WITHHELD FOR THE USE AND BENEFIT OF THE GOVERNMENT.

ARTICLE 29 NONDISCRIMINATION IN EMPLOYMENT:

IN CONNECTION WITH THE PERFORMANCE OF WORK UNDER THIS CONTRACT, THE CONTRACTOR AGREES AS FOLLOWS:

(1) THE CONTRACTOR WILL NOT DISCRIMINATE AGAINST ANY EMPLOYEE OR APPLICANT FOR EMPLOYMENT BECAUSE OF RACE, CREED, COLOR, OR NATIONAL ORIGIN. THE CONTRACTOR WILL TAKE AFFIRMATIVE ACTION TO ENSURE THAT APPLICANTS ARE EMPLOYED, AND THAT EMPLOYEES ARE TREATED DURING EMPLOYMENT, WITHOUT REGARD TO THEIR RACE, CREED, COLOR OR NATIONAL ORIGIN. SUCH ACTION SHALL INCLUDE, BUT NOT BE LIMITED TO, THE FOLLOWING: EMPLOYMENT, UPGRADING, DEMOTION OR TRANSFER; RECRUITMENT OR RECRUITMENT ADVERTISING; LAYOFF OR TERMINATION; RATES OF PAY OR OTHER FORMS OF COMPENSATION; AND SELECTION FOR TRAINING, INCLUDING APPRENTICESHIP. THE CONTRACTOR AGREES TO POST IN CONSPICUOUS PLACES, AVAILABLE TO EMPLOYEES AND APPLICANTS FOR EMPLOYMENT, NOTICES TO BE PROVIDED BY THE CONTRACTING OFFICER SETTING FORTH THE PROVISIONS OF THIS NONDISCRIMINATION CLAUSE.

(2) THE CONTRACTOR WILL, IN ALL SOLICITATIONS OR ADVERTISEMENTS FOR EMPLOYEES PLACED BY OR ON BEHALF OF THE CONTRACTOR, STATE THAT ALL QUALIFIED APPLICANTS WILL RECEIVE CONSIDERATION FOR EMPLOYMENT WITHOUT REGARD TO RACE, CREED, COLOR, OR NATIONAL ORIGIN.

(3) THE CONTRACTOR WILL SEND TO EACH LABOR UNION OR REPRESENTATIVE OF WORKERS WITH WHICH HE HAS A COLLECTIVE BARGAINING AGREEMENT OR OTHER CONTRACT OR UNDERSTANDING, A NOTICE, TO BE PROVIDED BY THE AGENCY CONTRACTING OFFICER, ADVISING THE SAID LABOR UNION OR WORKERS REPRESENTATIVE OF THE CONTRACTOR'S COMMITMENTS UNDER THIS SECTION, AND SHALL POST COPIES OF THE NOTICE IN CONSPICUOUS PLACES AVAILABLE TO EMPLOYEES AND APPLICANTS FOR EMPLOYMENT.

(4) THE CONTRACTOR WILL COMPLY WITH ALL PROVISIONS OF EXECUTIVE ORDER No. 10925 OF MARCH 6, 1961, AND OF THE RULES, REGULATIONS, AND RELEVANT ORDERS OF THE PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY CREATED THEREBY.

(5) THE CONTRACTOR WILL FURNISH ALL INFORMATION AND REPORTS REQUIRED BY EXECUTIVE ORDER No. 10925 OF MARCH 6, 1961, AND BY THE RULES, REGULATIONS, AND ORDERS OF THE SAID COMMITTEE OR PURSUANT THERETO, AND WILL PERMIT ACCESS TO HIS BOOKS, RECORDS, AND ACCOUNTS BY THE CONTRACTING AGENCY AND THE COMMITTEE FOR PURPOSES OF INVESTIGATION TO ASCERTAIN COMPLIANCE WITH SUCH RULES, REGULATIONS, AND ORDERS.

(6) IN THE EVENT OF THE CONTRACTOR'S NON-COMPLIANCE WITH THE NONDISCRIMINATION CLAUSES OF THIS CONTRACT OR WITH ANY OF THE SAID RULES, REGULATIONS, OR ORDERS, THIS CONTRACT MAY BE CANCELLED IN WHOLE OR IN PART AND THE CONTRACTOR MAY BE DECLARED INELIGIBLE FOR FURTHER GOVERNMENT CONTRACTS IN ACCORDANCE WITH PROCEDURES AUTHORIZED IN EXECUTIVE ORDER No. 10925 OF MARCH 6, 1961, AND SUCH OTHER SANCTIONS MAY BE IMPOSED AND REMEDIES INVOKED AS PROVIDED IN THE SAID EXECUTIVE ORDER OR BY RULE, REGULATION, OR ORDER OF THE PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY, OR AS OTHERWISE PROVIDED BY LAW.

(7) THE CONTRACTOR WILL INCLUDE THE PROVISIONS OF THE FOREGOING PARAGRAPHS (1) THROUGH (6) IN EVERY SUBCONTRACT OR PURCHASE ORDER UNLESS EXEMPTED BY RULES, REGULATIONS, OR ORDERS OF THE PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY ISSUED PURSUANT TO SECTION 303 OF EXECUTIVE ORDER No. 10925 OF MARCH 6, 1961, SO THAT SUCH PROVISIONS WILL BE BINDING UPON EACH SUBCONTRACTOR OR VENDOR. THE CONTRACTOR WILL TAKE SUCH ACTION WITH RESPECT TO ANY SUBCONTRACT OR PURCHASE ORDER AS THE CONTRACTING AGENCY MAY DIRECT AS A MEANS OF ENFORCING SUCH PROVISIONS, INCLUDING SANCTIONS FOR NON-COMPLIANCE; PROVIDED, HOWEVER, THAT IN THE EVENT THE CONTRACTOR BECOMES INVOLVED IN, OR IS THREATENED WITH, LITIGATION WITH A SUBCONTRACTOR OR VENDOR AS A RESULT OF SUCH DIRECTION BY THE CONTRACTING AGENCY, THE CONTRACTOR MAY REQUEST THE UNITED STATES TO ENTER INTO SUCH LITIGATION TO PROTECT THE INTERESTS OF THE UNITED STATES.

ARTICLE 30 UTILIZATION OF CONCERNS IN LABOR SURPLUS AREAS:

IT IS THE POLICY OF THE GOVERNMENT TO PLACE SUPPLY CONTRACTS WITH SUPPLIERS WHO WILL PERFORM SUCH CONTRACTS SUBSTANTIALLY IN AREAS OF PERSISTENT OR SUBSTANTIAL LABOR SURPLUS WHERE THIS CAN BE DONE, CONSISTENT WITH THE EFFICIENT PERFORMANCE OF THE CONTRACT, AT PRICES NO HIGHER THAN ARE OBTAINABLE ELSEWHERE. THE CONTRACTOR AGREES TO USE HIS BEST EFFORTS TO PLACE HIS SUBCONTRACTS IN ACCORDANCE WITH THIS POLICY. IN COMPLYING WITH THE FOREGOING AND WITH PARAGRAPH (B) OF THE CLAUSE OF THIS CONTRACT ENTITLED "UTILIZATION OF SMALL BUSINESS CONCERNS," THE CONTRACTOR IN PLACING HIS SUBCONTRACTS SHALL OBSERVE THE FOLLOWING ORDER OF PREFERENCE: (I) PERSISTENT LABOR SURPLUS AREA CONCERNS WHICH ARE ALSO SMALL BUSINESS CONCERNS; (II) OTHER PERSISTENT LABOR SURPLUS AREA CONCERNS; (III) SUBSTANTIAL LABOR SURPLUS AREA CONCERNS WHICH ARE ALSO SMALL BUSINESS CONCERNS; (IV) OTHER SUBSTANTIAL LABOR SURPLUS AREA CONCERNS; AND (V) SMALL BUSINESS CONCERNS WHICH ARE NOT LABOR SURPLUS AREA CONCERNS.

ARTICLE 31 NOTICE TO THE GOVERNMENT OF LABOR DISPUTES:

(A) WHENEVER THE CONTRACTOR HAS KNOWLEDGE THAT ANY ACTUAL OR POTENTIAL LABOR DISPUTE IS DELAYING OR THREATENS TO DELAY THE TIMELY PERFORMANCE OF THIS CONTRACT, THE CONTRACTOR SHALL IMMEDIATELY GIVE NOTICE THEREOF, INCLUDING ALL RELEVANT INFORMATION WITH RESPECT THERETO, TO THE CONTRACTING OFFICER.

(B) THE CONTRACTOR AGREES TO INSERT THE SUBSTANCE OF THIS CLAUSE, INCLUDING THIS PARAGRAPH (B), IN ANY SUBCONTRACT HEREUNDER AS TO WHICH A LABOR DISPUTE MAY DELAY THE TIMELY PERFORMANCE OF THIS CONTRACT; EXCEPT THAT EACH SUCH SUBCONTRACT SHALL PROVIDE THAT IN THE EVENT ITS TIMELY PERFORMANCE IS DELAYED OR THREATENED BY DELAY BY ANY ACTUAL OR POTENTIAL LABOR DISPUTE, THE SUBCONTRACTOR SHALL IMMEDIATELY NOTIFY ITS NEXT HIGHER TIER SUBCONTRACTOR, OR THE PRIME CONTRACTOR, AS THE CASE MAY BE, OF ALL RELEVANT INFORMATION WITH RESPECT TO SUCH DISPUTE.

ARTICLE 32 UTILIZATION OF SMALL BUSINESS CONCERNS:

(A) IT IS THE POLICY OF THE GOVERNMENT AS DECLARED BY THE CONGRESS THAT A FAIR PROPORTION OF THE PURCHASES AND CONTRACTS FOR SUPPLIES AND SERVICES FOR THE GOVERNMENT BE PLACED WITH SMALL BUSINESS CONCERNS.

(B) THE CONTRACTOR AGREES TO ACCOMPLISH THE MAXIMUM AMOUNT OF SUBCONTRACTING TO SMALL BUSINESS CONCERNS THAT THE CONTRACTOR FINDS TO BE CONSISTENT WITH THE EFFICIENT PERFORMANCE OF THE CONTRACT.

ARTICLE 33 PRIORITIES, ALLOCATIONS AND ALLOTMENTS:

THE CONTRACTOR SHALL FOLLOW THE PROVISIONS OF DMS REG. 1 AND ALL OTHER APPLICABLE REGULATIONS AND ORDERS OF THE BUSINESS AND DEFENSE SERVICES ADMINISTRATION IN OBTAINING CONTROLLED MATERIALS AND OTHER PRODUCTS AND MATERIALS NEEDED TO FILL THIS ORDER.

ARTICLE 34 BUY AMERICAN ACT:

(A) IN ACQUIRING END PRODUCTS, THE BUY AMERICAN ACT (41 U.S. CODE 10A-D) PROVIDES THAT THE GOVERNMENT GIVE PREFERENCE TO DOMESTIC SOURCE END PRODUCTS. FOR THE PURPOSE OF THIS CLAUSE:

(I) "COMPONENT" MEANS THOSE ARTICLES, MATERIALS AND SUPPLIES, WHICH ARE DIRECTLY INCORPORATED IN THE END PRODUCTS;

(II) "END PRODUCTS" MEANS THOSE ARTICLES, MATERIALS, AND SUPPLIES, WHICH ARE TO BE ACQUIRED UNDER THIS CONTRACT FOR PUBLIC USE; AND

(III) A "DOMESTIC SOURCE END PRODUCT" MEANS (A) AN UNMANUFACTURED END PRODUCT WHICH HAS BEEN MINED OR PRODUCED IN THE UNITED STATES AND (B) AN END PRODUCT MANUFACTURED IN THE UNITED STATES IF THE COST OF THE COMPONENTS THEREOF WHICH ARE MINED, PRODUCED, OR MANUFACTURED IN THE UNITED STATES OR CANADA EXCEEDS FIFTY (50) PERCENT OF THE COST OF ALL ITS COMPONENTS. FOR THE PURPOSES OF THIS (A)(III)(B), COMPONENTS OF FOREIGN ORIGIN OF THE SAME TYPE OR KIND AS THE PRODUCTS REFERRED TO IN (B) (II) OR (III) OF THIS CLAUSE SHALL BE TREATED AS COMPONENTS MINED, PRODUCED, OR MANUFACTURED IN THE UNITED STATES,

(B) THE CONTRACTOR AGREES THAT THERE WILL BE DELIVERED UNDER THIS CONTRACT ONLY DOMESTIC SOURCE END PRODUCTS, EXCEPT END PRODUCTS:

(I) WHICH ARE FOR USE OUTSIDE THE UNITED STATES;

(II) WHICH THE GOVERNMENT DETERMINES ARE NOT MINED, PRODUCED, OR MANUFACTURED IN THE UNITED STATES IN SUFFICIENT AND REASONABLY AVAILABLE COMMERCIAL QUANTITIES AND OF A SATISFACTORY QUALITY;

(III) AS TO WHICH THE DIRECTOR DETERMINES THE DOMESTIC PREFERENCE TO BE INCONSISTENT WITH THE PUBLIC INTEREST; OR

(IV) AS TO WHICH THE DIRECTOR DETERMINES THE COST TO THE GOVERNMENT TO BE UNREASONABLE.

(THE FOREGOING REQUIREMENTS ARE ADMINISTERED IN ACCORDANCE WITH EXECUTIVE ORDER NO. 10582, DATED DECEMBER 17, 1954.)

ARTICLE 35 ASSIGNMENT OF CLAIMS:

NO ASSIGNMENT MAY BE MADE UNDER THIS CONTRACT, AND THE ASSIGNMENT OF CLAIMS ACT OF 1940 AS AMENDED (31 U. S. CODE 203, 41 U.S. CODE 15) SHALL NOT BE INVOKED BY THE CONTRACTOR.



ARTICLE 36 OFFICIALS NOT TO BENEFIT:

NO MEMBER OF OR DELEGATE TO CONGRESS OR RESIDENT COMMISSIONER, SHALL BE ADMITTED TO ANY SHARE OR PART OF THIS CONTRACT, OR TO ANY BENEFIT THAT MAY ARISE THEREFROM; BUT THIS PROVISION SHALL NOT BE CONSTRUED TO EXTEND TO THIS CONTRACT IF MADE WITH A CORPORATION FOR ITS GENERAL BENEFIT.

ARTICLE 37 COVENANT AGAINST CONTINGENT FEES:

THE CONTRACTOR WARRANTS THAT NO PERSON OR SELLING AGENCY HAS BEEN EMPLOYED OR RETAINED TO SOLICIT OR SECURE THIS CONTRACT UPON AN AGREEMENT OR UNDERSTANDING FOR A COMMISSION, PERCENTAGE, BROKERAGE, OR CONTINGENT FEE, EXCEPTING BONA FIDE EMPLOYEES OR BONA FIDE ESTABLISHED COMMERCIAL OR SELLING AGENCIES MAINTAINED BY THE CONTRACTOR FOR THE PURPOSE OF SECURING BUSINESS. FOR BREACH OR VIOLATION OF THIS WARRANTY THE GOVERNMENT SHALL HAVE THE RIGHT TO ANNUL THIS CONTRACT WITHOUT LIABILITY OR IN ITS DISCRETION, TO DEDUCT FROM THE CONTRACT PRICE OR CONSIDERATION OR OTHERWISE RECOVER THE FULL AMOUNT OF SUCH COMMISSION, PERCENTAGE, BROKERAGE OR CONTINGENT FEE.

ARTICLE 38 GRATUITIES:

(A) THE GOVERNMENT MAY, BY WRITTEN NOTICE TO THE CONTRACTOR, TERMINATE THE RIGHT OF THE CONTRACTOR TO PROCEED UNDER THIS CONTRACT IF IT IS FOUND, AFTER NOTICE AND HEARING, BY THE DIRECTOR OR HIS DULY AUTHORIZED REPRESENTATIVE, THAT GRATUITIES (IN THE FORM OF ENTERTAINMENT, GIFTS, OR OTHERWISE) WERE OFFERED OR GIVEN BY THE CONTRACTOR, OR ANY AGENT OR REPRESENTATIVE OF THE CONTRACTOR, TO ANY OFFICER OR EMPLOYEES OF THE GOVERNMENT WITH A VIEW TOWARD SECURING A CONTRACT OR SECURING FAVORABLE TREATMENT WITH RESPECT TO THE AWARDED OR AMENDING, OR THE MAKING OF ANY DETERMINATIONS WITH RESPECT TO THE PERFORMING OF SUCH CONTRACT; PROVIDED, THAT THE EXISTENCE OF THE FACTS UPON WHICH THE DIRECTOR OR HIS DULY AUTHORIZED REPRESENTATIVE MAKES SUCH FINDINGS SHALL BE IN ISSUE AND MAY BE REVIEWED IN ANY COMPETENT COURT.

(B) IN THE EVENT THE CONTRACT IS TERMINATED AS PROVIDED IN PARAGRAPH (A) HEREOF, THE GOVERNMENT SHALL BE ENTITLED (1) TO PURSUE THE SAME REMEDIES AGAINST THE CONTRACTOR AS IT COULD PURSUE IN THE EVENT OF A BREACH OF THE CONTRACT BY THE CONTRACTOR, AND (II) AS A PENALTY IN ADDITION TO ANY OTHER DAMAGES TO WHICH IT MAY BE ENTITLED BY LAW, TO EXEMPLARY DAMAGES IN AN AMOUNT (AS DETERMINED BY THE DIRECTOR OR HIS DULY AUTHORIZED REPRESENTATIVE) WHICH SHALL BE NOT LESS THAN THREE (3) NOR MORE THAN TEN (10) TIMES THE COSTS INCURRED BY THE CONTRACTOR IN PROVIDING ANY SUCH GRATUITIES TO ANY SUCH OFFICER OR EMPLOYEE.

(C) THE RIGHTS AND REMEDIES OF THE GOVERNMENT PROVIDED IN THIS CLAUSE SHALL NOT BE EXCLUSIVE AND ARE IN ADDITION TO ANY OTHER RIGHTS AND REMEDIES PROVIDED BY LAW OR UNDER THIS CONTRACT.

ARTICLE 39 PAYMENT FOR OVERTIME AND SHIFT PREMIUMS:

(A) THE ALLOWABLE COST SHALL NOT INCLUDE ANY ACCOUNT OF OVERTIME PREMIUMS OR SHIFT PREMIUMS, EXCEPT TO THE EXTENT THAT THEY EITHER (I) HAVE BEEN APPROVED IN WRITING ON BEHALF OF THE GOVERNMENT OR (II) ARE PAID FOR WORK--

(A) NECESSARY TO COPE WITH EMERGENCIES SUCH AS THOSE RESULTING FROM ACCIDENTS, NATURAL DISASTERS, BREAKDOWNS OF PRODUCTION EQUIPMENT, OR OCCASIONAL PRODUCTION BOTTLENECKS OF A SPORADIC NATURE;

(B) BY INDIRECT LABOR EMPLOYEES SUCH AS THOSE PERFORMING DUTIES IN CONNECTION WITH ADMINISTRATION, PROTECTION, TRANSPORTATION, MAINTENANCE, STANDBY PLANT PROTECTION, OPERATION OF UTILITIES, OR ACCOUNTING;

(C) IN THE PERFORMANCE OF TESTS, INDUSTRIAL PROCESSES, LABORATORY PROCEDURES, LOADING OR UNLOADING OF TRANSPORTATION MEDIA, AND OPERATIONS IN FLIGHT OR AFLOAT, WHICH ARE CONTINUOUS IN NATURE AND CANNOT REASONABLY BE INTERRUPTED OR OTHERWISE COMPLETED; OR

(D) WHICH WILL RESULT IN LOWER OVERALL COST TO THE GOVERNMENT.

(B) THE COST OF OVERTIME PREMIUMS OR SHIFT PREMIUMS OTHERWISE ALLOWABLE UNDER (A) ABOVE SHALL BE ALLOWED ONLY TO THE EXTENT THE AMOUNT THEREOF IS REASONABLE AND PROPERLY ALLOCABLE TO THE WORK UNDER THIS CONTRACT.

ARTICLE 40 ALTERATIONS:

THE FOLLOWING ALTERATIONS HAVE BEEN MADE IN THE PROVISIONS OF THIS CONTRACT:

ARTICLE 40      ALTERATIONS:

The following alterations have been made in the provisions of this contract:

Article 9 entitled Security is deleted in its entirety.

(SCHEDULE)

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SCOPE OF WORK:

The Contractor shall design, fabricate, and install a precision enlarger in accordance with Contractor's proposal of 10 January 1962, which is incorporated herein by reference and made a part hereof.

DELIVERABLE ITEMS:

- (1) One (1) Precision Enlarger with Government-Furnished Focatron and Lens installed therein.

GOVERNMENT-FURNISHED EQUIPMENT:

The Government shall furnish to the Contractor the following items:

- (1) One (1) Log-Etronics Focatron, Model C, Ser. No. 1
- (2) One (1) Schneider Xenotar Lens Ser. No. 6444965

DELIVERY:

In the event any item under this contract is personally delivered to the Technical Representative of the Contracting Officer a signed receipt, in duplicate, must be obtained from said representative and one copy attached to any invoice submitted for reimbursement for such item(s). Failure to do so will result in suspension of payment, since the Disbursing Officer is prohibited from making payment without evidence of delivery to other than the designee consignee.

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PERIOD OF PERFORMANCE:

The performance of work under this Contract shall begin 15 June 1962 and end 29 August 1962.

NON-PUBLICITY:

It is a specific condition of this agreement that the contractor shall not use or allow to be used any aspect of this agreement for publicity or advertisement purposes. The Contractor may request a waiver of the foregoing but shall not deviate therefrom unless so authorized in writing by the Contracting Officer.

NAME OF CONTRACTOR

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ADDITIONAL GENERAL PROVISIONS

ALLOWABLE COST, FIXED FEE, AND PAYMENT:

(A) THE FIXED FEE APPLICABLE TO WORK HEREUNDER SHALL NOT EXCEED Seven PERCENT (7%) OF THE ESTIMATED COST AUTHORIZED IN THE CONTRACT OR IN TASK ORDERS HEREUNDER. NO ADDITIONAL FIXED FEE IN EXCESS OF THE AMOUNT INITIALLY AGREED UPON SHALL BE PAID THE CONTRACTOR UNLESS AUTHORIZED BY A WRITTEN SUPPLEMENT INCREASING THE SCOPE OF PERFORMANCE AND THE AMOUNT OF THE FIXED FEE TO BE PAID THEREFOR.

(B) FOR THE PURPOSE OF ACCOMPLISHING PROGRESS PAYMENTS ON THE FIXED FEE, EACH BILLING FOR ALLOWABLE COSTS SHALL HAVE ADDED THERETO A SUM EQUAL TO Seven PERCENT (7%) OF THE AMOUNT BILLED, SUBJECT TO THE PROVISIONS OF PARAGRAPH (C) OF THIS ARTICLE.

(C) IN DETERMINING THE COST OF PERFORMING WORK HEREUNDER PURSUANT TO THE PROVISIONS OF THIS ARTICLE, IT IS UNDERSTOOD AND AGREED, WITHOUT LIMITING THE GENERALITY OF PART 2, SECTION XV, ARMED SERVICES PROCUREMENT REGULATION, THAT THE ALLOWABLE COSTS OF THE PERFORMANCE OF THIS CONTRACT SHALL INCLUDE THE NECESSARY COST OF THE DIRECT ITEMS DESCRIBED IN SUBPARAGRAPHS (I) THROUGH (VI) BELOW, WHEN INCURRED BY THE CONTRACTOR AND ACCEPTED AS SUCH COSTS BY THE GOVERNMENT.

(I) PREMIUMS PAID FOR OVERTIME HOURS WORKED BY DIRECT LABOR EMPLOYED IN THE PERFORMANCE OF WORK UNDER THIS CONTRACT SHALL BE IN ACCORDANCE WITH ARTICLE 39 OF THE GENERAL PROVISIONS.

(II) TRANSPORTATION EXPENSES (EXCLUDING LOCAL TRANSPORTATION EXPENSE) ACTUALLY INCURRED BY EMPLOYEES OF THE CONTRACTOR IN PERFORMANCE OF THE WORK UNDER THIS CONTRACT. TRANSPORTATION BY AUTOMOBILE FOR REQUIRED TRAVEL OF EMPLOYEES UNDER THIS CONTRACT SHALL BE REIMBURSED AS SET FORTH IMMEDIATELY BELOW, AND SUCH REIMBURSEMENT SHALL BE CONSIDERED TO BE IN LIEU OF THE ACTUAL COSTS OF SUCH TRANSPORTATION. SUBSISTENCE EXPENSES OF EMPLOYEES OF THE CONTRACTOR WHILE IN TRAVEL STATUS SHALL BE AS SET FORTH IMMEDIATELY BELOW.

(A) THE ALLOWABLE RATE PER MILE FOR AUTOMOBILE TRAVEL SHALL BE ten cents (10¢).

(B) SUBSISTENCE EXPENSES SHALL BE AS FOLLOWS:  
Actual and reasonable.

NAME OF CONTRACTOR

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(iii) TRAVEL PROPOSED TO OVERSEAS DESTINATIONS, ALASKA, HAWAII, AND TO SYMPOSIA, CONFERENCES AND OTHER SIMILAR MEETINGS FOR WHICH REIMBURSEMENT MAY BE CLAIMED HEREUNDER, SHALL BE AUTHORIZED IN ADVANCE IN WRITING BY THE CONTRACTING OFFICER. IN THE EVENT THAT TIME WILL NOT PERMIT THE CONTRACTOR TO OBTAIN ADVANCE APPROVAL, A WRITTEN REPORT OF THE TRAVEL ACCOMPLISHED SHALL BE SUBMITTED TO THE CONTRACTING OFFICER FOR RATIFICATION PRIOR TO CLAIMING THE TRAVEL AS AN ITEM OF COST.

(iv) TRAVEL WITHIN THE CONTINENTAL LIMITS OF THE UNITED STATES (THIS DOES NOT INCLUDE THE STATES OF ALASKA AND HAWAII) DOES NOT REQUIRE THE PRIOR APPROVAL OF THE CONTRACTING OFFICER PROVIDED THE TRAVEL IS AUTHORIZED AND PERFORMED IN ACCORDANCE WITH THE CONTRACTOR'S REGULAR ESTABLISHED POLICIES AND PRACTICES AND THAT IF IN THE PERFORMANCE OF TRAVEL, OTHER BUSINESS NOT SOLELY RELATED TO THIS CONTRACT IS CONDUCTED, THE CONTRACTOR SHALL PRORATE THE COSTS AS APPLICABLE. TRAVEL PERFORMED UNDER THIS SUBPARAGRAPH SHALL BE SUBJECT TO REVIEW AND DETERMINATION AS TO THE ALLOWABILITY OF THE COSTS THEREOF BY THE CONTRACTING OFFICER.

(v) IN CONNECTION WITH THE APPROVAL OF TRAVEL COVERED IN (iii) AND (iv) ABOVE, THE CONTRACTOR SHALL SET FORTH IN DETAIL THE PURPOSE, DATES, MODES AND POINTS OF TRAVEL, AND THE NUMBER OF EMPLOYEES PERFORMING SUCH TRAVEL.

(vi) SUCH OTHER ITEMS NOT EXPRESSLY EXCLUDED BY OTHER PROVISIONS OF THE CONTRACT AS SHOULD, IN THE OPINION OF THE CONTRACTING OFFICER, BE INCLUDED IN THE COST OF THE WORK CALLED FOR IN THIS CONTRACT. ANY SUCH ITEMS SHALL BE SPECIFICALLY CERTIFIED BY THE CONTRACTING OFFICER AS BEING ALLOWED UNDER THIS SUBPARAGRAPH.

NAME OF CONTRACTOR

**(SIGNATURES)**

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The rights and obligations of the parties to this contract shall be subject to and governed by the Schedule and the General Provisions. To the extent of any inconsistency between the Schedule or the General Provisions, and any specifications or other provisions which are made a part of this contract by reference or otherwise, the Schedule and the General Provisions shall control. To the extent of any inconsistency between the Schedule and the General Provisions, the Schedule shall control.

**CONTRACTOR REPRESENTS** (Check appropriate boxes)

(1) (a) That it ☒ is, ☐ is not, a small business concern. For this purpose, a small business concern is a concern that (i) is not dominant in its field of operation and, with its affiliates, employs fewer than 500 employees, or (ii) is certified as a small business concern by the Small Business Administration. (See Code of Fed. Reg., Title 13, Ch. II, Part 103, 21 Fed. Reg. 9709, which contains the detailed definitions and related procedures,) (b) that it ☐ has, ☒ has not, previously been denied a Small Business Certificate by the Small Business Administration, and (c) if Contractor is a regular dealer, it also represents that all supplies to be furnished thereunder ☒ will, ☐ will not, be manufactured or produced in the United States or its Territories or possessions by a small business manufacturer or producer.

(2) (a) That it ☐ has, ☒ has not, employed or retained any company or person (other than a full-time bona fide employee working solely for the Contractor) to solicit or secure this contract; and (b) that it ☐ has, ☒ has not, paid or agreed to pay to any company or person (other than a full-time bona fide employee working solely for the contractor) any fee, commission, percentage or brokerage fee, contingent upon or resulting from the award of this contract, and agrees to furnish information relating thereto as requested by the Contracting Officer. (Note: For interpretation of the representation, including the term "bona fide employee," see General Services Administration Reg., Title 44, Secs. 150.7 and 150.5(d), Fed. Reg., Dec. 31, 1952, Vol. 17, No. 253.)

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the day and year first above written:

**THE UNITED STATES OF AMERICA**By Central Intelligence Agency**WITNESSES**

\_\_\_\_\_

\_\_\_\_\_ By

NOTE.—In case of corporation, witnesses not required but certificate below must be completed. Type or print names under all signatures.

I, \_\_\_\_\_

\_\_\_\_\_, certify that I am the

*Vice President*

\_\_\_\_\_ of the corporation named as Contractor herein

that \_\_\_\_\_

\_\_\_\_\_, who signed this contract on behalf of

the Contractor, was then *President* of said corporation;

that said contract was duly signed for and in behalf of said corporation by authority of its governing body,

and is within the scope of its corporate powers.

SIGNATURE (Corporate Seal)



**Page Denied**